



# **LOS ANGELES FIRE & POLICE PENSION SYSTEM**

## **II. BOARD OPERATING POLICIES AND PROCEDURES**

Updated 02/01/24

# LOS ANGELES FIRE & POLICE PENSION SYSTEM

## II. BOARD OPERATING POLICIES AND PROCEDURES

### Policy Review Due Dates

UPDATED: 02/01/2024

Section 1.0	-	Ethics Responsibilities for Board Members, The General Manager and Staff .....	02/2026
		Marketing Cessation .....	09/2024
Section 2.0	-	Fiscal Administration .....	N/A
Section 3.0	-	Pension Processing .....	N/A
Section 4.0	-	Hearings .....	N/A
Section 5.0	-	Member Accounts .....	N/A
Section 6.0	-	Elected Employee and Elected Retired Board Member Elections.....	N/A
Section 7.0	-	Authorization of Special Actuarial Studies .....	N/A
Section 8.0	-	Health and Dental Subsidies and Reimbursements .....	N/A
Section 9.0	-	iPad Usage Policy .....	N/A
Section 10.0	-	Actuarial Funding Policy .....	N/A

# LOS ANGELES FIRE & POLICE PENSION SYSTEM

## II. BOARD OPERATING POLICIES AND PROCEDURES

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## Los Angeles Fire & Police Pension System

### 1.0 - ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER, AND STAFF

- 1.1 A. Purpose of the Policy: The purpose of establishing a comprehensive Ethics Policy is to allow Commissioners to have a single point of reference with guidelines governing their behavior to avoid a real or perceived conflict of interest or violation of the City Governmental Ethics Ordinance (Los Angeles Municipal Code (LAMC) Chapter 4, Article 9.5), State ethics laws or Mayoral Executive Directives. (Amended 06/04/15 and 9/20/18)

This policy is designed to be a series of sub policies that may be expanded or modified as ethics laws are changed or as additional situations which might result in real or perceived conflicts of interest arise.

- B. Definition of Staff: For the purpose of this policy, staff is defined as persons and positions that are designated in the System's Conflict of Interest (COI) Code as having influence over the decision making processes of the System, which includes Attorneys in the Public Pensions General Counsel Division of the City Attorney's Office. (Amended 06/04/15 and 08/06/20)

- 1.2 Modifications to Disclosure Requirements: Consultants/New Positions are included in the list of the Department's designated positions and shall disclose pursuant to the broadest disclosure category in the COI Code, subject to the following limitation:

The General Manager may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in Schedule A. Such written determination shall include a description of the consultant's duties and, based on that description, a statement of the extent of disclosure requirements. The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Government Code Section 81008.) (Amended 9/20/18)

- 1.3 Mandatory Ethics and Fraud Awareness Training: Pursuant to the City's Governmental Ethics Ordinance (LAMC Section 49.5.15), all Board members are required to complete ethics training at the time of entering City service and once every two years thereafter. All full-time City employees are required to complete on-line training for fraud awareness at the time of entering City service and once every two years thereafter. (Amended 06/04/15)

- 1.4 Divestment and Recusal Notification Requirements: Charter Section 707 requires that Board members divest any investment, interest, or source of income that results in a significant and continuing conflict of interest. In order to achieve compliance with Charter Section 707, Executive Directive 2005-1 requires that

**Ethics Responsibilities for Board  
Members, The General Manager, and Staff**

Board members disclose, to the Office of the Mayor and the City Ethics Commission, any conflicts by completing and submitting a recusal notice for any matter which they are disqualified from participating, or would have been disqualified from participating had they been in attendance. (Amended 06/04/15)

- 1.5 Timely and Complete Filing of All Disclosure Forms: State and City law require that all Board members, the General Manager and staff complete disclosure forms, such as the Statement of Economic Interest and City-related business disclosures. Such disclosures are required upon assuming office, upon leaving office, and annually. The City Ethics Commission notifies designated staff of their filing requirements. The Department's Ethics Liaison notifies the General Manager of the status of the filing of all required forms. Late filing or failure to complete the required forms may result in a fine or other corrective action taken by the City Ethics Commission, Fair Political Practices Commission, and/or the Office of the Mayor. (Amended 07/17/14, 06/04/15, and 9/20/18)
- 1.6 Commitment to a Code of Ethics: Executive Directive 2005-1 requires all appointed Board members and the General Manager to sign a Pledge committing to a Code of Ethics upon assuming office. (Amended 06/04/15)
- 1.7 Review Departmental Conflict of Interest Code: In accordance with Executive Directives 2005-1 and 2006-7 the Board is responsible for reviewing and adopting the Departmental Conflict of Interest Code by July 31, every even-numbered year. (Amended 07/17/14 and 06/04/15)
- 1.8 Cooperation with Ethics Commission Investigations and Enforcement: All Board members, the General Manager and staff are required under Executive Directive 2006-7 to fully cooperate with any investigations conducted by the City Ethics Commission by responding promptly, completely and candidly to any inquiry they may receive for documents, information, or testimony. Further, Board members, the General Manager and staff are directed to report in a timely manner potential wrongdoing within the Ethics Commission's jurisdiction. (Amended 06/04/15)

Approved: 08/02/07; Amended 07/17/14, 06/04/15, 09/20/18 and 08/06/20.

**LOS ANGELES FIRE AND POLICE PENSION (LAFPP) COMMISSIONERS:  
COMMUNICATION WITH CONSULTANTS AND ADVISORS**

- 1.9 Consistent with the City Charter and the California Constitution, Board members are expected to discharge their duties "with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims." (Charter Section 1106(c))
- 1.10 To properly fulfill these duties and stay current with best practices in pension system governance, Board members must seek to educate themselves on an ongoing basis.

This education takes place in the Board room, in conversations with professional

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staff, and in meetings with consultants and advisors at conferences or other events.

- 1.11 In meetings Board members have with consultants and advisors, outside the Board setting, Board members must exercise common sense, balancing their need for education with the need to comply with ethics laws seeking to have Board decisions be transparent and made in open session.
- 1.12 To promote our desire to educate, and at the same time to comply with the Governmental Ethics Ordinance (LAMC Section 49.5.11), in discussions with advisors and consultants away from Board meetings, Board members should avoid conversations that reasonably might influence that Commissioner's decisions related to a current contract or possible future contract with the Fire and Police Pension System. (Amended 06/04/15)

Approved: 08/02/07; Amended 06/04/15.

**GIFTS**

- 1.13 The Governmental Ethics Ordinance and the California Political Reform Act regulate the solicitation and receipt of gifts by City Officials. A gift is anything you receive that gives you a personal benefit for which you do not provide consideration of equal or greater value (California Political Reform Act). Certain exceptions apply. Please refer to California Code of Regulations Sections 18940, 18941 and 18942 and California Government Code Section 82028 for the complete definition. (See Appendix A and LAMC Section 49.5.8 for more information regarding Gifts) (Amended 06/04/15; Amended 02/17/22)

Acceptance of Gifts (Including Gifts of Travel):

Under the provisions of both the California Code of Regulations, Title 2, Section 18940 et seq., and the Governmental Ethics Ordinance (LAMC Section 49.5.8), a gift, including travel payments may be deemed a gift to the City agency rather than a gift to the individual City official and therefore not subject to restrictions, if certain requirements are met. Gifts accepted by an individual are subject to the reporting requirements of the California Code of Regulations and the LAMC. (Amended 06/04/15)

Although State and local laws permit gifts of travel to the System, if a third party offers to pay for some or all of the travel expenses associated with a particular conference, seminar or meeting, the Board shall decline the offer. However, the Board may consider authorizing attendance at the particular conference, seminar or meeting at the System's own expense if such attendance would be beneficial to the System.

Other monetary gifts to the system, such as stock, may be accepted under the following conditions:

- A. The Fire and Police Pension System receives and controls the payment.
- B. The gift becomes an asset of the System (i.e. a trust asset).



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- C. The System appropriately memorializes the gift in a written public record, identifying the nature, amount and any terms of the gift.

The Chief Accounting Employee shall maintain entries for all gifts in the appropriate accounting ledger.

Adopted: 03/01/01; Amended: 11/18/04, 07/06/06, 08/17/06, 07/12/07, 08/02/07, 08/16/07, 06/04/15, and 02/17/22.

**SOLICITATION OF CONTRIBUTIONS**

- 1.14 A. Fiduciaries of LAFPP are prohibited from soliciting, directing, or receiving any contribution from any person who is engaged in business for gain, seeking to engage in business for gain, or who has a proceeding pending before the Board of LAFPP Commissioners or has had such a matter pending during the preceding 12 months. (Amended 06/04/15)
- B. All LAFPP contracts shall include a requirement that contractors disclose if contributions are solicited by a LAFPP fiduciary. (Amended 06/04/15)
- C. Definitions for the purposes of this policy:
  - 1) "Fiduciary" is defined as a member of the Board of LAFPP Commissioners, executive and senior management staff.
  - 2) "Person" means a natural person or business entity of any type, and includes all directors, partners, officers and agents of such business entity.
  - 3) "Business for gain" is defined as any contract for goods or services, and any investment related contract.
  - 4) "Proceeding pending" means all ministerial, administrative and legislative matters, potential contracts, current contracts and expired or terminated contracts for a subsequent period of 12 months. (Added 10/29/1998) (Amended 06/04/15)

Adopted: 03/01/01: Amended: 09/06/01, 10/16/03, 09/10/04, 07/12/06 and 06/04/15.

**MARKETING CESSATION (INVESTMENT CONTRACTS)**

- 1.15 The purpose of this policy is to prevent, and avoid the appearance of, undue influence on the Board or any of its members, or on Staff, in the award of all contracts. This policy is intended to align with the City's Governmental Ethics Ordinance, Section 49.5.11(A).

**Restrictions on Contact and Prohibition on Gifts**

During the relevant period, as described below, firms covered by this policy are prohibited from any contact with Department Staff and the Consultant except for: (1) meetings with the Consultant; (2) providing information to Staff or the Consultant; (3) meeting at the Department's office with Staff; and (4) any Staff and

## **Ethics Responsibilities for Board Members, The General Manager, and Staff**

Consultant due diligence site visits. Firms covered by this policy shall not have any contact with Board members during the relevant period other than at public Board meetings.

During the relevant period, Board members, Department Staff, and the Consultant will accept no gifts of any kind or value from a firm covered by this policy, except for food at an annual general meeting or a due diligence office visit.

Notification of this policy will be sent to firms considered by Staff or the Consultant to be interview candidates, and firms covered by this policy shall be listed in the Board's monthly report.

### **Public or Semi-Public Investment Services**

For firms investing in public or semi-publicly traded securities or other similar services, this policy shall apply to firms meeting the search criteria from the time the search begins (with the Board's approval of the minimum criteria for the search), until the time the search ends (with the selection of the firm(s) to receive the contract(s)).

### **Private Equity, Private Credit, and Real Estate Investments**

For private equity investments, private credit investments, and real estate investments in closed or open-ended funds, the marketing cycle is different from investment firms that provide services relating to public investments. Private equity funds, private credit funds, and closed end real estate funds have a marketing period that opens and closes sporadically and open-ended funds are generally open to new business most of the time. For investments like these, this policy shall apply during any time in which the fund managed by the firm is open to new business.

### **Renewals and Additional Commitments**

For firms currently managing money for the Fund in the public markets whose contract is up for renewal within three months, or firms currently managing private equity, private credit, or real estate funds for LAFPP that are open to new investors or raising a new fund, the same restrictions apply with the following exceptions.

Board members, Department Staff and the Consultant will accept no gifts from that firm until a decision regarding the firm or fund (renewal or additional commitment) has been made. Meals available to all the attendees at an annual meeting are not considered to be gifts to Staff or the Consultant however, normal gift limits would apply in this case.

Firms managing money in the public markets who currently have contracts with the Los Angeles Fire and Police Pension System may continue contact related to the existing contract with Staff and the Consultant, but any contact with Board members must be limited to Board meetings.

### **Contract Disclosures Prior to Interview**

Prior to the interview with the Board, firms that are invited to interview with the Board, at the time of the interview, will be required to submit a list of contacts. The list of contacts shall indicate all contacts with Board members and Consultants during the three-month period prior to the interview or during the search period, whichever is longer.<sup>1</sup>

The City's Governmental Ethics Ordinance Section 49.5.11 states:

"Except at a public meeting, a member of a City board or commission shall not participate in the development, review, evaluation, or negotiation of or the recommendation process for bids, proposals, or any other requests for the award or termination of a contract, amendment, or change order involving that board, commission, or agency. This does not preclude individual members from reviewing documents and other information provided by agency staff when preparing for a public meeting at which the matter will be considered." (Amended 06/14/15)

Any violation of this policy shall result in automatic disqualification of the firm.

### **HISTORY**

1.16 Adopted 02/07/02

Revised:

01/04/2007	06/04/2015	04/16/2020
09/03/2009	08/16/2018	06/01/2023
03/03/2011	09/06/2018	
09/18/2014	10/03/2019	

### **REVIEW**

1.17 This Marketing Cessation policy shall be reviewed by the Board annually as part of the review of the Board Investment Policies that generally occurs in September of each year.

### **1.18 CONTRACTOR DISCLOSURE POLICY**

#### **A. PURPOSE**

It is the policy of LAFPP for Contractors to disclose conflicts of interest - actual, potential and perceived.

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<sup>1</sup>See section 1.18F.1 of the Ethics Policy, also referred to as the Contractor Disclosure Policy.

## **Ethics Responsibilities for Board Members, The General Manager, and Staff**

The goal of this Policy is to prevent impropriety or the appearance of impropriety, to provide transparency and confidence in LAFPP's decision-making process, and to help ensure that investment and procurement decisions are made solely on the merits of the goods or services that Contractors propose to provide to LAFPP.

This Policy sets forth the circumstances under which LAFPP requires the full and timely disclosure of ex parte communications with, relationships with, and payments to, entities such as placement agents, third party marketers, lobbyists and other Intermediaries. This Policy is intended to apply broadly to all Contractors with whom LAFPP conducts or potentially will conduct business.

This Policy shall apply in addition to, and is intended to supplement, any applicable state and City ethics, campaign finance, and lobbying laws found in the City's Charter, Governmental Ethics, Lobbying and Campaign Finance Ordinances, the California Political Reform Act, and the California Constitution. Unless otherwise specified or required by the context, all terms used but not defined herein shall have the same meanings ascribed to them in **Appendix A**.

The Board recognizes that the flow of communication through staff between Contractors or consultants and Board members is beneficial to the conduct of system business. However, there are instances wherein Contractors or consultants may have ex parte communications directly with Board members. In those instances where the communications reasonably might give the appearance of being an attempt to influence the outcome of a Board or staff decision or consultant recommendation, the Board recognizes that there might be the potential for misunderstanding, misinformation, or conflicting instructions, and therefore the communications reasonably could be interpreted as inappropriately affecting the Board, staff, or consultant. Such communications do not always rise to the level of "undue influence" as defined in this policy, but nevertheless are subject to disclosure.

## **B. APPLICATION, EXCLUSIONS AND REPORTING**

### **1. APPLICATION**

This Policy applies to LAFPP's application, selection, and monitoring processes regarding Contractors. It is applicable to all Contractors who participate in the selection process for the award of an LAFPP contract. This policy also applies to all agreements with Contractors that are entered into after July 23, 2009, the date this Policy is adopted. Additionally, this Policy applies to existing agreements with Contractors if, after the date this Policy is adopted, (a) the term of the agreement is extended, (b) there is any increased commitment of funds by LAFPP pursuant to the existing agreement or (c) there is an amendment to the substantive terms of an existing agreement, including the fees or compensation payable to the Contractor to the extent that LAFPP's consent is required. Reporting requirements for new and existing agreements/investments are defined in 1.18B.3.

### **2. EXCLUSIONS**

The following contracts are excluded from this Policy:

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- 1) Contracts in the amount of \$25,000 or less and for not more than a one-year period for which the General Manager has authority to approve service agreements, pursuant to Administrative Code section 10.1.1 and as authorized by the Board pursuant to Board Governance Policy 9.18.B. (Revised 02/01/24)
- 2) Low cost equipment maintenance agreements and service for equipment repair. "Low cost" is defined as "\$2,000 or less."
- 3) Contracts for which contract terms are less than 3 months in duration.
- 4) City, state, or federal contracts/agreements for which LAFPP utilizes the existing City, state, or federal contract or agreement.
- 5) Contracts with unions and associations providing approved health plans subsidized by LAFPP.

### **3. REPORTING**

- a. **Initial (New) Disclosures** For all new contracts and investments, including private investment funds, Contractors are required to complete a Contractor Disclosure form and disclose reportable items (as defined by this Policy) that occurred during the twenty-four (24) month period prior to Board consideration of a new contract/investment. For private equity funds, private credit funds, and real estate funds, the fund's general partner (or equivalent managing entity) shall provide disclosure information for the prior twenty-four month period at the time the Board considers a new or additional investment in the fund.
- b. **Periodic Disclosures** For existing contracts, Contractors are required to complete a Contractor Disclosure form quarterly. Quarterly disclosures are due 21 business days after the end of the quarter. For contracts that are extended or renewed, the Contractor must have submitted the most recent quarterly disclosure. LAFPP internal audit staff will review previously submitted Contractor Disclosures to determine if there is a disclosure to report to the Board at the time the contract renewal or extension is being considered by the Board. General partners (or equivalent managing entities) of Real Estate Open-End Funds are required to submit a Contractor Disclosure form quarterly.

General partners (or equivalent managing entities) of private equity funds, private credit funds, and Real Estate Closed-End Funds are required to complete the Annual Gift Disclosure which is due 21 business days after the calendar year end. General partners (equivalent managing entities) of private equity funds, private credit funds and Real Estate Closed-End Funds are not required to submit Contractor Disclosure forms (except for new or increased investments being considered by the Board, see Section 1.18.B.3a).

**Non-investment and non-legal Contractors paid \$20,000 or less each fiscal year** by LAFPP shall submit a Contractor Disclosure no later than 21 business days after June 30th each year. LAFPP internal audit staff will review fiscal year expenditures to identify which non-investment or non-legal

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Contractor shall report on an annual basis. Should fiscal year expenditures result in a change to the reporting frequency of a non-investment or non-legal Contractor, LAFPP internal audit staff will notify the firm accordingly.

**C. CAMPAIGN CONTRIBUTIONS**

**Applicability** Except as otherwise provided in this section 1.18.C, every Contractor shall disclose monetary contributions and/or other financial benefits made directly or indirectly to any Elected Official (and any of his or her controlled committees), Candidate (and any of his or her controlled committees), Appointed Official or Applicable City Employee (collectively, "Contractor Campaign Contribution Disclosures"). Disclosure requirements apply to the Contractor, any of its Officers, marketing representatives, relationship representatives, portfolio managers, members of their investment committee, or Intermediaries that are involved with the product or service provided, or sought to be provided, to LAFPP, and any Family Members of the previously listed individuals.

For each such monetary contribution or financial benefit made, the Contractor Campaign Contribution Disclosures shall include the following information:

- (1) The name and address of the contributor and the connection to the Contractor;
- (2) The name and title of each person receiving the contribution and the name of the Elected Official, Candidate, or Appointed Official or person for whose benefit the contribution was made;
- (3) The amount of the monetary contribution or financial benefit; and
- (4) The date of the monetary contribution or financial benefit.

Exemption: Monetary contributions and/or financial benefits given by any person to an Elected Official or Candidate for whom such person was entitled to vote at the time of the contributions and which, in the aggregate, do not exceed \$100 to any one Elected Official or Candidate per election are not required to be reported pursuant to this Section 1.18.C.

**D. OTHER CONTRIBUTIONS/PAYMENTS**

**Applicability** Every Contractor shall disclose any and all monetary contributions and/or other financial benefits not covered by other sections of this Policy, including but not limited to contributions to charitable organizations. Disclosures required include, but are not limited to, any monetary contribution or financial benefit to any of the following (collectively "Contractor Miscellaneous Contribution Disclosures"):

1. Any Elected Official (and any of his or her controlled committees), Candidate (and any of his or her controlled committees), Appointed Official or Applicable City Employee.
2. Any account or trust set up through motion of the Los Angeles City Council that would seek funds controlled by an Elected Official or Candidate.
3. Any third party at the behest of an Elected Official, Candidate, or Appointed Official or for the purpose of supporting or opposing an Elected Official or Candidate or City ballot measure.

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4. Any Elected Official, Candidate, Appointed Official or Applicable City Employee for the sale of private property.
5. Any charitable or other organization or individual at the behest of an Elected Official, Candidate, Appointed Official or Applicable City Employee, including those organizations of which an Elected Official, Candidate, Appointed Official or Applicable City Employee is, to the best knowledge of the person paying the monetary contribution or financial benefit, an officer, employee, or member of the board of directors, advisory board, or any similar board or committee.

Disclosure requirements apply to the Contractor, any of its Officers, any marketing representatives, relationship representatives, portfolio managers, members of their investment committee, or Intermediaries that are involved with the product or service provided, or sought to be provided, to LAFPP, and any Family Members of any of the previously listed individuals.

For each such monetary contribution and/or financial benefit, the Contractor Miscellaneous Contribution Disclosures shall include the following information:

- (1) The name and address of the contributor and the connection to the Contractor;
- (2) The name and title of each person receiving the contribution and the name of the Elected Official, Candidate, or Appointed Official or person for whose benefit the contribution was made;
- (3) The amount of the monetary contribution or financial benefit; and
- (4) The date of the monetary contribution or financial benefit.

**E. GIFTS**

1. **Applicability** Every Contractor shall disclose all Gifts, as defined within this Policy, made directly or indirectly to any Elected Official, Candidate, Appointed Official, or Applicable City Employee, or to decision makers with LAFPP's private equity consultants, private credit consultants, general investment consultants, or real estate consultants. Disclosure requirements apply to the Contractor, any of its Officers, any marketing representatives, relationship representatives, portfolio managers, members of their investment committee, or Intermediaries that are involved with the product or service provided, or sought to be provided, to LAFPP, and any Family Members of any of the previously listed individuals.

Gifts are reportable when the fair market value of the Gifts to a single person is \$50 or more or multiple Gifts to a single person from a single source totals \$50 or more per calendar year. Contractors must keep track of Gifts made directly or indirectly to officials, staff and representatives described above to identify if the reporting threshold is met. Such disclosures shall be made each calendar year for Gifts by Private Equity firms, Private Credit firms and firms managing Real Estate Closed-End Funds, quarterly for all other existing Contractors, and prior to Board approval of a Contractor for initial Contractor Disclosures regarding the previous 24-month period.

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When the fair market value of the Gifts to a person meets or exceeds \$50 per calendar year, the Contractor shall disclose for each Gift:

- (1) The name and address of each person providing the Gift and each such person's connection to the Contractor;
- (2) The name and title of each person receiving the Gift;
- (3) The value of the Gift;
- (4) A description of the Gift; and
- (5) The date of the presentation of the Gift.

2. **Gifts Received (For Investment Consultants Only)** LAFPP Consultants (private equity consultants, private credit consultants, general investment consultants, and real estate consultants who have a service agreement with LAFPP) shall also disclose a Gift if its fair market value is \$50 or more that were received by decision makers, directly or indirectly, from Contractors, any of its Officers, any marketing representatives, relationship representatives, portfolio managers, members of their investment committee, or Intermediaries that are involved with the product or service provided, or sought to be provided, to LAFPP, and any Family Members of any of the previously listed individuals. Multiple gifts totaling \$50 or more received during the reporting period from a single source must also be reported. LAFPP consultants must keep track of gifts received directly or indirectly to identify if the reporting threshold is met for a person within the calendar year. Such disclosures shall include Gifts received during the term of the Consultant's service agreement with LAFPP and shall be made quarterly with regard to all Contractors, and otherwise as required by LAFPP in relation to any particular contracting process.

The consultant shall disclose for each Gift:

- (1) The name and address of each person providing the Gift and each such person's connection to the Contractor;
- (2) The name and title of each person receiving the Gift;
- (3) The value of the Gift;
- (4) A description of the Gift; and
- (5) The date of the presentation of the Gift

**F. CONTACT STATEMENT**

1. **Initial (New) Disclosures** Each Contractor is responsible for providing to staff prior to hiring for new agreements/investments, a List of Contacts made by the Contractor with Appointed or Elected Officials within either 1) the three-month period prior to the interview regarding a new agreement or investment; or, 2) the search period; whichever is longer. The List of Contacts shall include the date and names of the contact(s) and the nature of the contact. Required disclosure of contacts by Intermediaries is described in Section 1.18G.4(iii).
2. **Periodic Disclosures** For existing agreements, each Contractor shall also disclose any contacts with Appointed or Elected Officials ***during the term of the agreement, contract, or investment on a quarterly basis.*** This section does not apply to entities excluded from Periodic Disclosures pursuant to Section 1.18.B.3b.



## **G. INTERMEDIARIES**

Each Contractor is responsible for providing to staff, as part of the initial and periodic Contractor Disclosure, the following information:

1. Notice to LAFPP that if any person working on behalf of the Contractor with, or assigned on behalf of the Contractor to, an LAFPP contract is a current or former LAFPP Board member, employee or consultant or a Family Member of any such person.
2. A statement whether the Contractor, any of its Officers, marketing or relationship representatives, portfolio managers, members of the investment committee, or any individuals that are involved with the product or service provided to LAFPP (or any Family Members of the individuals listed), has compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by the Contractor) or entity to act as an Intermediary in connection with any investment or procurement by LAFPP.
3. A description of all compensation provided or agreed to be provided directly or indirectly by the Contractor to any Intermediary or to any employee of the Contractor who was hired specifically to solicit an investment or other business with LAFPP or is compensated on the basis of the procurement of any such investment or business. The description of such compensation shall include the nature, timing and amount thereof and any condition precedent to receiving the compensation.
4. With regard to each Intermediary identified pursuant to Section 1.18.G.2 above, each Contractor shall provide:
  - (i) A description of the services to be performed by the Intermediary and a statement as to whether the Intermediary is utilized by the Contractor with all prospective clients or only with a subset of the Contractor's prospective clients (and if a subset, describe the subset), and a resume of each officer, partner, and principal of the Intermediary detailing the person's education, professional designation, regulatory licenses, and investment work experience. Work experience need not be provided in connection with agreements unrelated to investments.
  - (ii) With regard to procurement of business from LAFPP, a copy of all written agreements between the Contractor and the Intermediary and a description of any agreement that is not in writing.
  - (iii) A list of contacts made by the Intermediary, on behalf of the Contractor, with Appointed Officials, Elected Officials, or staff within the 24-month period prior to Board approval of a new agreement or investment. The list shall include the date and names of the contact(s) and Intermediary(s).

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- (iv) The names of all persons who suggested the retention of the Intermediary and a description of how the Intermediary was selected.
- (v) A listing for the Intermediary and/or any of its affiliates showing registration with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agency or self-regulatory organization outside the United States, and either the details of any such registration or an explanation of why registration is not required.
- (vi) A listing for the Intermediary, and/or any of its affiliates, showing registration as a lobbyist with any local, state or national government and the details of any such registration.

**H. CONTRACTOR RESPONSIBILITIES**

1. Each Contractor is responsible for providing to staff, as part of the Contractor Disclosure, a representation and warranty signed by the Contractor's chief executive officer, other officer as defined in this Policy, or head of the business unit that provides, or will be providing, the service to LAFPP, of the accuracy of the information included in the Contractor Disclosure in any final written agreement.
2. Contractors shall comply with the Policy and cooperate with staff in meeting staff's obligations under this Policy. All parties responsible for implementing, monitoring and complying with this Policy should consider the spirit as well as the literal expression of the Policy. In cases where there is uncertainty whether a disclosure should be made pursuant to this Policy, the Policy shall be interpreted to require disclosure.
3. All information required in the Contractor Disclosure shall be sent to LAFPP internal audit staff as follows:

Email address: [audit@lafpp.com](mailto:audit@lafpp.com)  
Department of Fire and Police Pensions  
Internal Audit Section  
701 E. 3rd Street, Suite 200  
Los Angeles, CA 90013  
Office: 213-279-3175

The Contractor Disclosure is due 21 business days after the end of the quarter or year as applicable.

**I. LAFPP RESPONSIBILITIES**

LAFPP staff are responsible for all of the following:

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- a. Section managers are responsible for providing Contractors with a copy of this Policy with all Requests for Proposals at the time that due diligence in connection with a prospective investment or engagement begins.
- b. Section managers are responsible for confirming that the Contractor Disclosure has been received prior to the completion of due diligence and any recommendation to proceed with the engagement of the Contractor or the decision to make any investment or procurement.
- c. For new agreements and/or amendments to agreements existing as of the date of the Policy, Section managers are responsible for confirming that the final written agreement between LAFPP and the Contractor provides that the Contractor shall be solely responsible for, and LAFPP shall not pay (directly or indirectly), any fees, compensation or expenses for any Intermediary used by the Contractor.
- d. Section managers are responsible for excluding any Contractor or Intermediary from the solicitation of new investments or business from LAFPP for a time period determined by the Board up to a maximum of 5 years after they have committed a material violation of this Policy, as determined by the Board in its sole discretion, and promptly informing the Board of any such action. Refer to Penalties in Section J.
- e. Internal audit staff will provide the Board, including the relevant Committee, with the Contractor Disclosure information prior to the Board making or approving any decision to invest or procure with a Contractor.
- f. Internal audit staff will compile a quarterly Board report containing the names and amount of compensation agreed to be provided to each Intermediary by each Contractor, the campaign or other contributions and gifts of each Contractor and the List of Contacts as reported in the Contractor Disclosures; the List of Exclusions and the List of Outstanding Contractor Disclosures.
- g. Reporting to the Board immediately any conduct that the staff reasonably believes constitutes a material violation of the Policy, to enable the Board to make a determination whether the conduct constitutes a material violation.

**J. PENALTIES**

For new agreements and/or amendments to agreements existing as of the date of this Policy, the Contractor, in the final written agreement with LAFPP, will agree to provide LAFPP with any or all of the following remedies in the event that there was or is a material omission or inaccuracy in the Contractor Disclosure or any other violation of this Policy, as determined by the Board in its sole discretion:

1. Whichever is greater, the reimbursement of any Contractor, management or advisory fees paid by LAFPP for one year or an amount equal to the amounts that the Contractor has paid or promised to pay to the Intermediary in respect of LAFPP.

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2. LAFPP shall have the authority to terminate immediately the separate account investment management agreement, without penalty. For non-investment agreements, LAFPP shall have the authority to terminate the agreement, without penalty.
3. In addition, the Board of Commissioners may take action to ban the Contractor from future contracting opportunities with LAFPP.

In addition, the Contractor will be ineligible for, and will not solicit, future agreements with LAFPP for five years after Board determination of the violation. However, the prohibition may be reduced by a majority vote of the Board at a public session upon a showing of good cause.

Also, any Intermediary who the Board determines has materially violated this Policy shall be ineligible for, and shall not solicit, future contracts with LAFPP for five years after such Board determination. However, this penalty may be reduced by a majority vote of the Board at a public session upon showing of good cause.

**K. NO RIGHT OF CONFIDENTIALITY**

All Contractor Disclosures and attachments thereto shall be public records subject to disclosure under the California Public Records act and the Ralph M. Brown Act. No confidentiality restrictions shall be placed on any Contractor Disclosures or any information provided by Contractors pursuant to this Policy.

See Appendix A – CONTRACTOR DISCLOSURE POLICY Definitions

**HISTORY**

- 1.19 Adopted: 07/23/09; Revised: 02/04/10, 03/03/11, 04/05/12, 06/04/15, 11/03/16, 10/05/17, 05/20/21, 08/05/21, 11/02/23, and 02/01/24.

**REVIEW**

- 1.20 This entire policy shall be reviewed February of every even-numbered year, with the exception of Section 1.15 Marketing Cessation which shall be reviewed annually. (Amended 02/17/22)

## APPENDIX A – CONTRACT DISCLOSURE POLICY DEFINITIONS

*Definitions are based on current laws. To the extent that Board policies are not updated subsequent to changes in law, the Board of Commissioners is responsible to comply with current laws and changes thereto.*

### **Applicable City Employee**

(1) An LAFPP employee designated as a City Official under LAMC Section 49.5.2(C), or (2) a lawyer in the Public Pensions General Counsel Division or Outside Counsel Oversight Division of the Los Angeles City Attorney's Office or who is in the direct supervisory chain of command over the lawyers in those divisions. (Amended 02/17/22)

### **Appointed Official**

An appointed LAFPP Board Member (including a person who has been appointed, pending confirmation)

### **Candidate**

A person who has filed to run for an Elected Office

### **City**

The City of Los Angeles

### **Contractor**

A person who, or entity that, seeks to be and/or is hired to provide goods and/or services to LAFPP. The individuals with reporting responsibility are those at a firm that would have any contact with or responsibility for an LAFPP investment or agreement.

### **Contractor Disclosure**

Collectively, the information required from Contractors as described in Sections 1.18.C through 1.18.H of this Policy.

### **Elected Official or Office**

Mayor of the City of Los Angeles  
Members of the Los Angeles City Council  
Los Angeles City Attorney  
Los Angeles City Controller  
Elected LAFPP Board Member

### **Family Member**

The spouse or domestic partner, of a Contractor or Intermediary.

### **Gift**

Pursuant to **Los Angeles Municipal Code Section 49.5.8 et seq.**, that references the **Political Reform Act and California Constitution, and Section 82028 of the Political Reform Act 2015**, a "Gift" means, except as otherwise provided in this definition, any payment that confers a personal benefit on the recipient, to the extent that consideration of equal or greater value is not received and includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public without regard to official status. Any person, other than a

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defendant in a criminal action, who claims that a payment is not a gift by reason of receipt of consideration has the burden of proving that the consideration received is of equal or greater value. The term "gift" does not include:

- (1) Informational material such as books, reports, pamphlets, calendars, or periodicals. No payment for travel or reimbursement for any expenses shall be deemed "informational material."
- (2) Gifts which are not used and which, within 30 days after receipt, are either returned to the donor or delivered to a nonprofit entity exempt from taxation under Section 501(c)(3) of the Internal Revenue Code without being claimed as a charitable contribution for tax purposes.
- (3) Gifts from an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person; provided that a gift from any such person shall be considered a gift if the donor is acting as an agent or intermediary for any person not covered by this paragraph.
- (4) Campaign contributions required to be reported under Chapter 4 of the Political Reform Act of 1974, as amended.
- (5) Any devise or inheritance.
- (6) Personalized plaques and trophies with an individual value of less than two hundred fifty dollars (\$250).

**Intermediary**

A person or entity (1) who is hired, engaged or retained by or acting on behalf of a Contractor as a placement agent, finder, lobbyist, solicitor, marketer, consultant, broker or other type of agent to raise money or investments from or obtain access to LAFPP, directly or indirectly, and (2) who engages in, either personally or through an agent, any written or oral direct communication with any LAFPP representative in furtherance of obtaining an investment or a contract with LAFPP. This definition also includes agents of Intermediaries commonly referred to as sub-agents.

**LAFPP**

The Los Angeles Fire and Police Pension System.

**Officers**

The Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or functional equivalent in the Contractor's firm.

**Real Estate Closed-End Funds**

Closed-end commingled funds that are finite life investment vehicles.

**Real Estate Open-End Funds**

Open-end commingled funds that are an infinite pool of assets diversified by geography and property type.

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**Undue influence**

The employment of any improper or wrongful pressure, scheme, or threat by which one's will is overcome and he or she is induced to do or not to do an act which he or she would not do, or would do, if left to do freely.

## Los Angeles Fire & Police Pension System

### 2.0 FISCAL ADMINISTRATION

#### BUDGET

- 2.1 The General Manager's preliminary budget including the City's contribution for the ensuing fiscal year shall be presented to the Board and to the Mayor, CAO and Controller prior to April 1 of each year. The Board shall review the budget prior to final determination. Following Mayor and Council approval of the final budgets of the Police and Fire Department, and the Harbor and Airport Commission approval of their respective final budgets, the Board shall adopt a final budget for the Department of Fire and Police Pensions including the City's (General and Special Fund) contribution no later than June 30 of each year. Should the Harbor and/or Airport Commission adopt a final budget that impacts their contribution to LAFPP, the General Manager shall inform the Board and the Commission(s) of the adjusted contribution amount. (Revised 09/06/18 and 08/06/20)

#### EXCESS BENEFIT PLAN CREDIT

Pursuant to Internal Revenue Code (IRC) Section 415, the annual retirement benefit an individual can receive from a qualified benefit plan is limited by an amount established every calendar year by the Internal Revenue Service (IRS). LAFPP is responsible for paying the benefit amount up to the annual limit, while the remaining amount over the limit is paid by the City's General Fund through the Excess Benefit Plan (EBP).

The actuary determines the System's liability without regard to IRC Section 415 limits. Accordingly, on May 6, 2010, the Board authorized a credit for the amount budgeted for the EBP to be applied against the City's annual contribution amount. The credit shall be reflected yearly on the LAFPP annual budget.

The credit to the City's General Fund contribution shall not affect the determination of future City or member contributions. (Added 09/06/18)

#### INTRA-DEPARTMENTAL FUND TRANSFERS

As first authorized by the Board on June 21, 2018, the General Manager may modify the departmental administrative expense budget appropriations through intra- departmental fund transfers, commensurate with the transfer limit adjusted annually and released by the City Administrative Officer [Section 343(b)(c)]. The General Manager will report the adjusted amount to the Board annually as soon as it is available. (Added 09/06/18; Amended 08/06/20)

#### TRAVEL AND EDUCATION POLICY

- 2.2 The Fire and Police Pension System (System) is a public trust, and the administration of the System is subject to strict fiduciary responsibilities under trust law. In accordance with the City Charter and Article XVI, Section 17 of the



California Constitution, the Board has sole and exclusive fiduciary responsibility for the assets of the System and administration of the System in a manner that will assure prompt delivery of benefits and related services to members of the System and their beneficiaries. The California Constitution also provides that the System assets are held in trust and must be used for the exclusive purposes of providing benefits to System members and their beneficiaries and defraying reasonable expenses of administering the System.

The Board recognizes there is a delicate balance between a fiduciary's need to become well informed on issues and topics that might have an impact on the trust and the fiduciary obligation to manage trust assets at a reasonable cost and for the exclusive benefit of the beneficiaries. It is the Board's policy that Trustee travel done on behalf of the System be undertaken in a manner consistent with its fiduciary obligations and in consideration of the public perception of the traveler as a representative of both the System and the City of Los Angeles.

By requiring that the trust assets be managed with the same care, skill, prudence and diligence as would be by other large institutional pension fund managers, the Board's fiduciary standard mandates that Trustees and staff maintain a knowledge base that keeps them as informed as their peers. The complexities of sound management of the assets and liabilities of the System impose a continuing need for Board members and staff to attend business meetings, professional and educational conferences, seminars, and other events that are required to conduct System business or that will better prepare them to perform their fiduciary duties.

It is the desire and intention of the Board to ensure that all Board members and staff receive current benefit, financial and policy information. Travel is considered an appropriate expenditure of the System's funds when the travel falls within any of the following categories:

- A. The Board authorizes one or more Board members and staff to conduct specific business or attend a specific event; or,
- B. The Board authorizes one or more Board members and staff to attend seminars, conferences or education classes where the attendee's ability to carry out his/her duties as a trustee of the System will be materially enhanced, including speaking engagements where a Board Member or Staff can enhance his/her knowledge through participation at the event.

Additionally, since one of the obligations of the Board is to defray reasonable expenses of administering the System and that pension assets are used to pay for the administrative expenses of the System, it is the responsibility of the Board to authorize only reasonable and prudent expenses.

For purposes of the travel policy, staff travel includes travel by staff from the Public Pensions General Counsel Division of the City Attorney's Office. (Amended 08/06/20)

## **CONTINUING EDUCATION**

- 2.3 In order to enhance the ability of individual Board members and staff to carry out

their fiduciary responsibilities, to increase understanding of all aspects of the System and to stay abreast of changes in federal/state laws and regulations, Board members and staff are encouraged to attend educational meetings, conferences and seminars. Board members are encouraged to attend at least two (2) educational meetings, conferences or seminars each fiscal year. However, attendance shall not exceed a maximum of six (6) educational meetings, conferences or seminars each fiscal year, excluding the one-day Trustee Roundtable sponsored by CALAPRS. Board members should use their best efforts to avoid conflicts with dates of scheduled meetings of the Board and ad hoc committees on which the Commissioner sits. (Amended 11/03/16)

## **BUSINESS RELATED TRAVEL**

- 2.4 Board Members or staff may be required to travel for business reasons, which might include, as an example, sitting on an advisory board for a limited partnership in which the retirement system is invested. Business related travel may also include due diligence related to retirement system administration. Due diligence normally is a staff function. However, there may be circumstances where it would be desirable for Board Members to be included in the due diligence process.

## **APPROVAL OF TRAVEL**

- 2.5 Requests to travel to a pre-approved (included in the budget) conference, seminar, etc. shall be submitted to the Board as a consent agenda item. An estimate of the total travel expenses and other information concerning the conference, seminar, etc. shall be included on the agenda.

Requests to travel to a conference, seminar, etc. not previously approved in the budget shall be submitted to the Board for action on the regular agenda provided the conference or seminar contains an average of five (5) hours of substantive educational content per full day.

## **ATTENDANCE**

- 2.6 It is understood that any Board member or staff who is authorized to travel on retirement business accepts the responsibility to attend and participate in the conference, seminar, etc. In the event that a retirement representative fails to attend as expected, the Board may require the representative to reimburse any expenses to the System. However, if, for a valid reason as determined by the approving authority, the person who has received travel authorization is unable to attend the event, he/she may request reimbursement of unrecoverable or nonrefundable costs such as cancellation fees and forfeited deposits.

Authorization to attend client conferences organized or sponsored by a single company or firm shall be restricted to those conferences sponsored by firms who maintain a professional relationship with the System.

No more than four (4) Board members will be authorized to attend a conference or seminar, which is not open to the public, or to conduct a site visit unless the City Attorney's Office has been consulted and advises that attendance by a quorum of

Board members will not cause a violation of the Brown Act.

**TRAVEL EXPENSES - COST CONTROL**

- 2.7 It is the policy of the Board of Fire and Police Pension Commissioners that travel by Trustees and staff to seminars and conferences is achieved in a reasonable, cost effective and practical manner. The levels of expenditures should be reasonable, taking into consideration the particulars of the location of the conference or seminar, the residence of the person traveling and the work or other schedule of the person traveling. Given the nature and often-immediate need to complete the travel for due diligence site visits, expenditures should be reasonable given the circumstances.

See Appendix 1 - Guidelines for Travel and Personal Expenses

**HISTORY**

- 2.8 Adopted: 03/01/01; Amended 09/06/01, 10/16/03, 09/10/04, 07/12/07, 08/16/07, 03/06/08, 12/03/09, 11/20/14, 11/03/16, 09/06/18 & 08/06/20.

**REVIEW**

- 2.9 This policy shall be reviewed by the Board as needed and may be amended by the Board at any time.

## Los Angeles Fire & Police Pension System

### APPENDIX 1 - GUIDELINES FOR TRAVEL AND PERSONAL EXPENSES

#### INTRODUCTION

All travel on behalf of the System must be in a manner consistent with the fiduciary responsibilities of the Board members and staff. Those who travel in the performance of official System business are expected to only incur expenses that a reasonable and prudent person would incur if traveling on personal business. The following guidelines for travel and personal expenses have been established to ensure that LAFPP is vigilant of their fiduciary duty with regard to the expenditure of LAFPP Plan assets.

LAFPP travel will be in accordance with the Board's adopted travel policy since under the City Charter, the Board has control over trust fund assets, including independent contracting authority for administrative expenses, such as travel (California Constitution Section 17 of Article 16 and Los Angeles Charter Section 111).

#### A. GENERAL GUIDELINES

1. A copy of the Travel and Education Policy including the Guidelines for Travel and Personal Expenses will be provided to new Board members and staff before processing their first travel request.
2. All expenses claimed for reimbursement must be itemized on the Personal Expense Statement (PES - Form General 16).
3. The traveler is responsible for verifying all charges on receipts before making payment. Charges made in error will not be reimbursed.
4. Travel Approving authority for:
  - the Board Members and the General Manager shall be the Board President;
  - the Board President shall be the Vice President; and
  - the staff shall be the General Manager.
5. All Personal Expense Statements (PES) will be reviewed by the Chief Accounting Employee for compliance with the System's travel guidelines before a payment is authorized.
6. Travel reimbursements are subject to Internal Revenue System (IRS) rules on taxable and non-taxable reimbursements. Travel reimbursements are reportable as taxable income if the IRS considers them to be 'lavish and extravagant'. Per the IRS, an expense is not considered lavish and extravagant if it is reasonable based on the facts and circumstances. If these LAFPP guidelines are followed, travel reimbursements will not be considered lavish and extravagant and therefore not taxable.

7. All reimbursement of travel expenses of outside contractors and individuals other than System staff will be in accordance with LAFPP travel policy limits and restrictions.

## B. DEFINITION OF TRAVEL

1. The IRS considers an individual traveling if:
  - a. The duties require the individual to be away from the general area of the individual's primary residence substantially longer than an ordinary day's work; and
  - b. The individual needs to sleep or rest to meet the demands of work while away from the primary residence.

Many governmental entities, including the City, follow the "50-mile" rule. Under this rule, travel reimbursements will be made only if the destination is farther than 50 miles both from an individual's primary residence and work location, unless one of the circumstances below applies.

### *"50-mile" Rule Exceptions*

Travel reimbursement may be allowed when the travel destination does not meet the "50-mile" rule under any one of the circumstances listed below with documentation of the specific circumstance and pre-approval of the travel and estimated expenses as delineated in Section A.6. *Use of this rule should be noted as an exception on the Personal Expense Statement (PES) documents.*

- Conference/meeting start (not check-in) time is before 8 a.m. or end time is after 6 p.m.
- Traveler who does not normally drive to work and public transportation is not available to arrive in time for, or leave after conference/meeting.
- Traveler needs to arrive before 8 a.m. to host the event, set up for the event (e.g. exhibit booth), or leave after 6 p.m. to pack up.

## C. TRANSPORTATION TO DESTINATION AND BACK

### 1. AIR TRAVEL

- a. Air travel may be used when it is the most efficient means of travel. Air travel shall be at coach or economy fare. When the airfare receipt shows an upgrade to business or first class accommodation, the traveler shall include a statement that there was no additional cost to the System. When using air travel, the traveler should book the most economical flight that is reasonably available, taking into consideration the cost of ground transportation, business schedule, flight duration, reasonable hours of departure and arrival, personal safety and health.

To the extent possible, all System travelers should utilize the City authorized business travel service provider for all City business-related travel. Currently the City is using the State of California Department of General Services (State) travel agency contract with TravelStore to maximize savings. The

State, in conjunction with TravelStore, has established a website dedicated for government travel, [www.caltravelstore.net](http://www.caltravelstore.net). Additionally, dedicated TravelStore agents can be reached at 1-877-454-TRVL (8785).

Actual travel booking requires a TravelStore access ID and a valid travel authority (TL) number and can be made by either using the self-service online system or by calling TravelStore after the travel request is approved by the traveler's approving authority. Travelers should use the online system to make travel reservations whenever possible, since the transaction fee is less than agent-assisted reservations. Airfare for travels booked with TravelStore will be billed to the City's American Express Card and will be paid by the System monthly. Personal credit cards are not an acceptable payment option for TravelStore.

System payments for airfare through TravelStore are considered a travel advance. Travelers are responsible for canceling airline reservations if the trip is canceled or postponed, and obtaining a copy of their non-transferable credit for future use with TravelStore.

System travelers may use other travel service providers under the following conditions:

- The traveler is willing to use his or her personal credit card to book the flight or other mode of transportation (reimbursement for airfare charged to a personal credit card will be made when the PES is processed by Accounting); and
  - Sufficient proof is provided that the airfare is equal to or lower than airfare available at TravelStore at the time of booking. Print out of fares from TravelStore services as the proof for fare comparison.
- b. Fees paid for the first checked baggage will be reimbursed. Fees for additional checked baggage may be reimbursed if a justification for an official business need is provided.
  - c. Coupons or promotional mileage credits earned by the traveler during the course of System business travel may be used for System or personal business consistent with Federal and City travel standards. The traveler will not be reimbursed for such coupons or promotional mileage credits used for System's travel.
  - d. The cost of air flight insurance is not eligible for reimbursement.
  - e. Acceptable documentation for airfare shall include the airfare receipt (such as "passenger ticket", invoice, itinerary, "e-ticket" or confirmation) and proof of payment (such as credit card receipt or statement or a screen print of the e-ticket confirmation indicating payment by credit card).

## 2. PERSONAL VEHICLE

- a. Use of this alternative mode of transportation in lieu of air travel must be pre-

approved by the traveler's approving authority, except when the destination is an adjacent county since air travel is generally not the most economical or convenient. Adjacent counties include Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo.

- b. When used as an alternative mode of transportation in lieu of air travel, allowable costs shall be the lower of (i) the mileage costs eligible for reimbursement (based on the annual standard car mileage allowance determined by the IRS) plus reasonable and economical parking charges or (ii) the economy airfare cost plus reasonable roundtrip transportation costs (i.e., the lowest transportation cost reasonably available under the circumstances) to and from the airport and hotel destination.

Mileage cost reimbursement for the Board will be based on total miles from home to official destination and back (map print-out documentation is required). Mileage cost reimbursement for staff will be based on the distance in excess of home to City office for travels during work days; for other days, reimbursement will be based on total miles from home to official destination and back (map print-out documentation is required).

- c. Additional travel time and expenses (such as meals and lodging) incurred in choosing other than the fastest and most direct mode of transportation must be on the traveler's own personal time and expense.
- d. Since mileage reimbursement is in lieu of transportation expenses incurred by the traveler, claims for repairs, replacements, towage, gas and car insurance are not reimbursable.
- e. Personal automobiles used for business purposes must have a minimum level of vehicle liability insurance as follows:
  - \$25,000 injury to or death of one person; and,
  - \$50,000 injury to or death of more than one person: and,
  - \$5,000 property damage for any one accident.

Automobile Insurance Coverage Information and the Waiver and Release of Liability and Assumption of Risk Acknowledgment for Automobile Rental and Use of Personal Vehicle forms completed by Board members will be maintained by the Commission Executive Assistant and that of staff will be maintained by Accounting.

### 3. GROUND TRANSPORTATION

- a. Ground transportation refers to transportation from home to airport, airport to hotel and/or conference/meeting/seminar location, and back. The least expensive or most practical form of ground transportation shall be used, taking into consideration such factors as time, availability, and personal safety or health.

Transportation cost in acquiring meals is not considered ground transportation.

- b. Receipts are required for reimbursement of ground transportation costs. If a receipt is not available for public transportation, documentation of the fare must be provided (e.g. print the fare from the official website).
- c. Reimbursement for a private car or limousine service shall be limited to no more than the cost of a taxi (<http://www.taxifarefinder.com/>) or shuttle (<http://www.shuttlefare.com/>), whichever is lower.
- d. Automobile rental is allowable if it is less expensive or more appropriate for the efficient conduct of System business than the use of taxi or bus. Pre-approval by the traveler's approving authority is required. Written justification is needed.
- e. The traveler will not be reimbursed for the cost of any insurance offered by the auto rental company in connection with a rented vehicle used within the United States. Car rental insurance costs required in countries outside of the United States may be claimed for reimbursement.
- f. Personal vehicle used as an alternative mode of ground transportation in lieu of shuttle or taxi to and/or from airport, taking into consideration such factors as time, availability of shuttle or taxi, personal safety and health, allowable costs shall be mileage reimbursement cost plus reasonable and economical parking charges. Mileage reimbursement from use of personal vehicle to and from the airport will be reimbursed at the current IRS mileage rate. Board member's mileage will be computed based on the total miles from home to airport and back (map print-out required). Mileage reimbursement for staff will be computed based on the distance in excess of home to City office for travels during regular work day or when compensated; for other days, if not compensated, computation will be for total miles from home to airport and back if not compensated (map print-out is required).
- g. Parking
  - 1. Reimbursement for airport parking shall be for actual amount not to exceed \$20.00 per day. Reimbursement in excess of \$20.00 per day requires a justification based on time, availability, and personal safety or health; subject to the approval of the approving authority.
  - 2. Actual receipt is required as documentation showing the date, time in/time out, and amount.

**D. MEALS AND INCIDENTAL EXPENSE (M&IE) & LODGING PER DIEM**

Per Diem is the allowance for meals and incidental expenses (M&IE) and lodging (excluding taxes). Travelers shall use the Federal per diem rates for the travel destination as the maximum allowance on M&IE and lodging (with noted lodging exceptions below). The destination per diem rates travelers should use are:



- Domestic Travel
  - Within the Continental U.S.: U.S. General Services Administration (GSA) (taxes are not included on lodging rates). Rates are available on [www.GSA.gov](http://www.GSA.gov). Select “Per Diem Rates” and enter destination to find daily rate.
  - Outside the Continental U.S., non-foreign such as Hawaii and Alaska: Department of Defense (DOD) (taxes are not included on lodging rates) – see [www.defensetravel.dod.mil/site/perdiemCalc.cfm](http://www.defensetravel.dod.mil/site/perdiemCalc.cfm) or go to [www.gsa.gov](http://www.gsa.gov) and there is a link below the map to the site. Use the amounts under “Maximum Lodging” and “Local Meals” columns. “Local Meals” is for three meals and incidentals.
- International Travel
  - State Department for travel to foreign countries (taxes are included in the lodging rates). Rates are available on [www.aoprals.state](http://www.aoprals.state) or go to [www.gsa.gov](http://www.gsa.gov) and there is a link below to the map to the site. Select “Foreign Per Diem Rates by Location” and enter destination to find the rates. Use “Maximum Lodging Rate” and “M&IE Rate columns”.

1. MEALS & INCIDENTALS EXPENSE (M&IE) ALLOWANCE

- a. For domestic travel, traveler will be reimbursed at an amount not to exceed the Federal per diem rate for the destination U.S. city. Per IRS Publication 463, M&IE includes:
- Fees and tips to porters, baggage carriers, bellhops, hotel maids/servants and others; and
  - Meals (including gratuities or service charges, such as room service delivery)

Pursuant to IRS rules, the M&IE allowance will be prorated at 75% of the destination per diem rate:

- On first and last days of travel regardless of departure and/or arrival times; or
- When lunch and/or dinner is provided at the conference (If only breakfast is provided, a traveler can receive 100% M&IE allowance).

No meal allowance will be paid when all meals are provided by the host or at the conference. However, a claim for a meal allowance may be considered provided a justification is submitted and pre-approved by the traveler’s approving authority.

- b. Pursuant to IRS, travelers should not be reimbursed for meals for day trips or travel without lodging since the IRS definition of travel requires an individual to sleep or rest to meet the demands of work and therefore, the reimbursement will have to be reported as taxable income. Tracking and reporting reimbursements without lodging creates an administrative burden for the City, LAFPP and the traveler.

- c. Pursuant to IRS, M&IE Reimbursements may be reimbursed for the destination per diem limit without receipts (IRS Per Diem Substantiation Method).
- d. M&IE in excess of the set domestic allowance or International Federal per diem allowance will not be reimbursed.

## 2. LODGING

- a. Reimbursement will be for actual hotel expenses not to exceed the total of the applicable Federal per diem rate (plus fees and taxes, if applicable) for the travel destination and length of stay for the individual traveler, with exceptions discussed below.
- b. Exceptions to the lodging federal destination per diem rates: Individuals must consider transportation costs, time and other relevant factors in selection of the most economical or practical accommodations when attending official System business functions. This does not preclude an individual from staying in a hotel where the meeting or convention to be attended is held provided that the selected hotel is one of the “authorized” or “sponsor” hotels of the conference or convention and has the most economical rate.

A traveler may elect to stay in a hotel not included in the authorized or sponsored hotel by the conference or convention provided the alternative hotel costs the same or less. The reimbursement will be limited to the actual hotel costs incurred.

For any official System travel where there are no designated hotels (e.g. training, due diligence trips, meetings with investment managers, etc.), the traveler should select the most practical and economical lodging rate taking into consideration the proximity of the selected place to conduct the official System business, traveler’s safety, time and transportation costs and other relevant factors. If the lodging exceeds the IRS per diem rate for the destination city and month of travel, expenses may be reimbursed provided that such expenses have been pre-approved by the traveler’s approving authority, as reasonable and proper and incurred in the pursuit of System business.

Reimbursements for hotel rates in accordance with the above guidelines are not considered to be exceptions to the LAFPP guidelines; therefore, exception notation on the PES documents is not required.

- c. A traveler who shares a hotel room with one or more family members will be reimbursed only at the single room rate (documentation from hotel or the hotel’s room rates listing is required) plus applicable taxes and charges.
- d. Acceptable documentation shall include original itemized hotel marked “Paid in Full” or showing a zero balance; otherwise, proof of payment is also required.

**E. GRATUITIES**

In accordance with the Los Angeles Administrative Code Section (LAAC) Section 4.242.3(h), gratuities not exceeding 15 percent are allowable where reasonable and customary. System guidelines for reasonable gratuities given to waiters (up to 15 percent of the restaurant bill exclusive of taxes, except when the gratuity percentage is required and the amount is added on the bill by the service provider), taxicab drivers (up to 15 percent of fare) and suggests the following tipping guidelines for other service personnel: porters (\$1 per bag), bell hops (\$1 to \$2 per bag), housekeeping (\$1 to \$2 per day). Gratuities are included in the IRS definition of "incidental" expenses and are therefore subject to per diem limits.

**F. LAUNDRY SERVICE**

Laundry service, including dry cleaning, is allowable when the duration of the trip exceeds four consecutive nights, or when warranted by traveling conditions or other circumstances.

**G. REGISTRATION, SEMINAR OR MEETING FEES**

The original or a copy of the registration form reflecting the mode of payment must be submitted with the PES if paid by the traveler. Whenever time permits, it is encouraged that the registration fee be paid by the System directly to the conference sponsor.

**H. OTHER EXPENSES & EXCEPTIONS**

1. Other travel expenses are allowable when deemed necessary in the conduct of System business provided such expenses are reviewed and certified by the traveler's approving authority as reasonable, proper, and incurred in pursuit of System business. Otherwise, these expenses become personal expenditures.
2. Other expenses and exceptions to these guidelines may be approved, but must be noted on the Travel Request Form and the PES. Also, a Justification Form and appropriate documentation will be required by the Traveler and must be approved by the traveler's approving authority.

**I. INTERRUPTED AND INDIRECT TRAVEL**

When there is an interruption or deviation from the direct travel route or travel days, whether for the traveler's personal leave or for convenience, expenses allowable will not exceed those that would have been incurred for uninterrupted travel utilizing the direct travel route or travel days. Reimbursement will be at the cheapest cost. Supporting documentation showing the cost for direct travel and the deviation should be provided by the traveler.

**J. NON-REIMBURSABLE TRAVEL EXPENSES**

Any expenses of a purely personal nature are non-reimbursable. This includes items such as luggage, toiletries, health club charges, unapproved car rental and other expenses not required for the conduct of System business; repairs (including towing

charges) for personal vehicle; flight and/or vehicle insurance; expenses for persons other than employee; alcoholic beverages; rental of video movies or pay-per-view at the hotel; and entertainment. (Amended 11/03/16)

**K. PERSONAL EXPENSE STATEMENT (PES) & DOCUMENTATION OF EXPENSES**

1. Personal Expense Statement (PES - Form Gen. 16) and all related expense documentation (receipts, print outs, etc.) must be completed and submitted by the traveler to the Department's travel coordinator within ten (10) days of the conclusion of the trip or at the next scheduled Board meeting, whichever is later. This will allow timely processing within thirty (30) days of the conclusion of the trip. See Table I for a complete listing of receipts and documentation required per expense category.
2. Staff are required to prepare a brief memo to the General Manager that summarizes the nature and purpose of the travel and describes the significant information gained and/or benefits accruing to the City. This memo is due 30 days from the completion of travel but can be submitted after submission of the PES. Staff will not receive his/her travel reimbursement until the approved memo is submitted to Accounting.
3. Board members are encouraged to complete a conference evaluation form to assist in the evaluation of conferences for future recommendation to the Board.

**L. TRAVEL ADVANCE REQUEST**

1. Travel advance amounts will be limited to the daily lodging and M&IE allowance. Travel advances are limited to 90% of the total travel estimate, less airfare and registration. No travel advance will be issued for any amounts less than \$500. Registration and airfare charged to the traveler's personal credit card will be processed upon the approval of the PES when the trip is completed. Travel advances are subject to Controller approval.

To obtain a travel advance, approved travel requests must be submitted to Accounting at least fifteen (15) business days before the date of travel. The request must include a statement certifying that the traveler has no outstanding cash advances.

Requests for a cash advance, including exceptions to the travel advance limit, must be approved by the traveler's approving authority.

2. Regular travel advances will be released no earlier than one (1) week before travel.
3. Travel advances will not be processed for traveler(s) with a delinquent (over 30 days old from end of last trip) PES.
4. In accordance with IRS Federal, State, Local Government Taxable Fringe Benefit Guide, outstanding travel advances not accounted for and delinquent over 120 days will be:

- included as part of an employee's W2 wages on the first payroll period of the subsequent calendar quarter following the end of the 120 calendar days; or reported in the IRS Form 1099-Misc for non-City employees.

Nothing herein eliminates the traveler's obligation to return to the Fund any excess monies that were received that were not used for approved travel expenses.

5. Advanced Payment for Cancelled Travel – Any amount paid by the System in advance of travel, including TravelStore purchases, is considered an advance. In the event of the need to cancel the trip, the traveler is responsible for notifying all payees as soon as possible to avoid/minimize cancellation fees. Unrecovered amounts are reported as taxable income to the traveler.

**M. COMPENSABLE TIME**

Staff should refer to the 2003 City of Los Angeles Travel Time Employee Bulletin to determine whether their travel time is compensable. Overtime compensation should be avoided to the extent possible. Staff should include the request to be compensated in the travel request subject to General Manager's pre-approval.

**N. COMPLIANCE UNDER IRS ACCOUNTABLE PLAN RULES**

These guidelines and reimbursement procedures are designed to conform to the "Accountable Plan" rules of the IRS to avoid reporting reimbursements as taxable income subject to withholding and payment of employment taxes (IRS Publication 463). These guidelines are not intended to result in taxable income to the Traveler if the rules herein are followed. To comply with the Accountable Plan, LAFPP and travelers must meet all three of the following rules:

- There is a business connection to the travel expenditures;
- There must be adequate accounting of the expenditures, through the PES and appropriate receipts, by travelers within a reasonable period of time; and
- Excess reimbursements or advances must be returned to the System within a reasonable period of time. Excess reimbursements not returned or in the case of advances, amounts paid in excess of the substantiated expenses, are required to be reported to the IRS as taxable income.

**TABLE I - TRAVEL DOCUMENTATION OF EXPENSES - REQUIREMENTS**

Type of Expense	PES Expense Category	Receipts Required?	Documentation Required	Section Reference
Air Travel (TravelStore)	Transportation	Yes	<b>1) Airfare receipt</b> from TravelStore.	Section C.1
Air Travel (Other than TravelStore)	Transportation	Yes	<b>1) Airfare receipt</b> (such as passenger ticket, invoice, itinerary, e-ticket or from kiosk); <b>&amp;</b> <b>2) Proof of payment</b> (such as credit card receipt or statement or a screen print of the e-ticket confirmation indicating credit card <b>payment</b> ); <b>&amp;</b> <b>3) Print out of fares from TravelStore &amp; from the selected travel website/agent</b> for date & time of travel	Section C.1
Airline Baggage Fees	Transportation	Yes	<b>1) Printed receipt</b> (such as passenger ticket, invoice, e-ticket or from kiosk) <b>&amp;</b> <b>2) Proof of payment</b> (such as credit card receipt or statement or a screen print of the e-ticket confirmation indicating credit card payment).	Section C.1.b
Mileage Costs: Personal Car in lieu of Air-Travel	Miscellaneous Expense	No	<b>1) Pre-approval from approving authority (if not an adjacent County); &amp;</b> <b>2) Travel airline website print out</b> indicating lowest regular round trip fare available for date and time of travel; <b>&amp;</b> <b>3) Map Print out</b> (showing mileage from Home to Destination).	Section C.2
Parking Costs	Miscellaneous Expense	Yes	<b>1) Receipt showing proof of payment</b>	Section C.2.b
Mileage Costs: Personal Car to Airport	Transportation	No	<b>1) Map Print out</b> (showing mileage from Home to Airport)	Section C.3
Ground Transportation (to/from Airport or at Destination City)	Transportation	Yes	<b>1) Receipt or proof of fare amount</b> (if no receipt).	Section C.3.b
Parking	Transportation	Yes	<b>Receipt showing the date, time in/time out, and amount.</b>	Section C.3.g

**TABLE I - CONTINUATION OF DOCUMENTATION OF EXPENSE REQUIREMENTS**

Type of Expense	PES Expense Category	Receipts Required?	Documentation Required	Section Reference
Meals & Incidental Expenses (M&IE)	Meals & Incidentals	No	Per diem allowance method - No receipts required. No exceptions.	Section D.1
Lodging	Lodging	Yes	<b>1) Lodging invoice</b> reflecting zero balance. The invoice must provide a breakdown of daily expenses; & <b>2) Single occupancy rate documentation from hotel</b> when lodging rates for persons other than the traveler are charged.	Section D.2
Laundry	Miscellaneous Expense	Yes	<b>1) Lodging itemized invoice or receipt from service provider.</b>	Section F
Registration, Seminar or Meeting Fees	Miscellaneous Expense	Yes, if traveler pays	<b>1) Original/copy of the registration form: &amp;</b> <b>2) Proof of payment</b> (credit card statement or screen print out indicating credit card payment).	Section G
Other Expenses & Exceptions	Miscellaneous Expense	Yes	<b>1) Pre-Approval from approving authority; 2) Receipt &amp; Justification Form</b>	Section H

Amended 09/06/03, 10/16/03, 09/10/04, 07/12/07, 03/06/08, 04/02/09, 02/20/14 and 11/20/2014.

## Los Angeles Fire & Police Pension System

### 3.0 - PENSION PROCESSING

#### APPLICATIONS AND DOCUMENTATION

- 3.1 All pension applications shall be filed in writing on forms prescribed by the Department of Fire and Police Pensions. Applicants shall be responsible for furnishing all required documents needed to process and verify pension eligibility. Pensioners, surviving spouses and legally appointed guardians/conservators of pension beneficiaries shall be responsible for notifying the Department of Fire and Police Pensions of any change of status which affects pension eligibility. Failure to provide required documentation or cooperate with processing requirements shall be the basis for denial of an application or suspension of pension payments.

#### DEFERRED RETIREMENT OPTION PLAN (DROP)

##### 3.2 CREDITING OF INTEREST

DROP accounts shall earn interest in the amount of 5%, compounded annually (i.e., compounding at 12-month intervals following a member's DROP entry date – 13<sup>th</sup>, 25<sup>th</sup>, 37<sup>th</sup>, 49<sup>th</sup> month). Interest will be calculated each month using a monthly factor of 0.004167 (1/12 of 5%), applied to the prior end of month inception-to-date deposits balance. Interest will be credited to member accounts semi-annually on June 30 and December 31. For members exiting DROP between the semi-annual interest-crediting dates, the account shall be credited with the monthly interest earned as of the exit date. (Amended 07/02/20)

##### 3.2.1 ACTIVE DUTY STATUS

Effective November 1, 2008, in addition to the age and/or service requirements to enter DROP, a member must also be on active duty status on the DROP entry date. For purposes of this provision active duty status shall include members working on light-duty status, but exclude members on sick, vacation, injured-on-duty, administrative leave, and all other types of non-working status.

- A. The City Administrative Officer has been authorized to classify payroll codes as "active" or "not active" for the purposes of DROP.
- B. At least one of the prescribed active duty payroll codes must be recorded on a member's timesheet on their DROP entry date.
- C. Verification of active duty status shall be made using the City's payroll system (PaySR) at the time of entry.
- D. In the event a member elects a DROP entry date and is not on active duty status on the DROP entry date as defined above, the member's DROP entry date will automatically be advanced to the next qualifying entry date. The revised entry date will not be subject to further adjustment by the



member. The DROP Program Administrator shall notify the member of the approved DROP entry date in writing.

### **3.2.2 REVOCATION OF DROP ENROLLMENT**

A member may revoke participation in DROP by submitting a DROP Revocation Notice (hereafter, "the Notice") in-person, by email, or by facsimile no later than the day prior to the DROP entry effective date. The Notice must be received before the close of LAFPP's regular office hours, or if emailed or faxed, by 11:59 p.m. The effective date of revocation shall be established upon receipt of the Notice and signature thereupon by LAFPP administrative staff. The member is responsible for confirming timely receipt by LAFPP. If the member does not revoke his/her application for DROP as specified above, the DROP agreement will become final and binding, and thereafter be irrevocable. (Amended 05/21/15 and 07/02/20)

### **3.2.3 DISTRIBUTION OF DROP ACCOUNT**

A member shall receive a distribution of the funds in his/her DROP account as either: (a) a lump sum cash payment, (b) a direct rollover to a qualified plan, or (c) a combination lump sum payment and direct rollover to a qualified plan. Members may not leave a portion of their DROP account on deposit with LAFPP.

The DROP Distribution Election Form must be completed and returned to LAFPP no later than 90 days following the member's DROP exit date; otherwise, the member will receive distribution as a single lump sum taxable cash payment. A member may directly rollover the taxable portion of his/her DROP distribution to only one eligible financial institution. Members may not rollover any non-taxable DROP funds unless they also rollover all of their taxable DROP funds. A member may directly rollover the non-taxable portion of his/her DROP distribution to only one eligible financial institution.

For members exiting DROP on or after January 1, 2014 who complete and return the DROP Distribution Form no later than 90 days following the member's DROP exit date, the member may recover his/her pre-1987 after-tax basis entirely from the lump sum DROP distribution. Any post-1986 after-tax basis will be allocated pro-rata between the lump sum DROP distribution and the member's ongoing monthly pension annuity. (Section added 12/19/2013)

## **AUTHORITY OF BOARD AND GENERAL MANAGER**

- 3.3 The General Manager shall present to the Board all eligible pension applications. The Board as a ministerial act shall approve all properly qualified service pension and surviving spouse applications. On August 7, 2003 the Board adopted Resolution 04008 delegating authority to the General Manager to perform this function. The General Manager's actions are reported to the Board at the next subsequent Board meeting. The General Manager shall adopt procedures for the submission, verification and withdrawal of applications and shall determine whether applicants meet the qualifications specified in the Charter and Administrative Code.

- 3.3.1 In the event a retired member receives benefits from more than one of the City of Los Angeles' defined benefit plans, and their combined benefit exceeds the applicable Internal Revenue Code (IRC) section 415(b) limit, the plans must coordinate when limiting the combined benefit. Pursuant to Administrative Code Section 4.1906(s), the Board has delegated authority to the General Manager to enter into agreements with the Water and Power Employees' Retirement Plan and/or the Los Angeles City Employees' Retirement System and to create the administrative rules necessary to facilitate different manners for reduction of benefits in order to comply with IRC section 415(b). (Section added 03/21/19)

#### **DISABILITY APPLICATION PROCESS**

- 3.4 The Board shall conduct hearings on disability pension applications. Active Members have the option of having their hearing conducted in open or closed session, either of which must be specifically requested in writing by the applicant/representative. Should no completed election form be received by staff by the due date, the hearing will be conducted in open session. For Closed Session hearings, all witnesses must be excused from the room until their testimony is needed, and family members, the general public and non-essential Staff are prohibited from attending. Open sessions will be open to the general public but the Board may request that witnesses wait outside the hearing until called to testify. In order to expedite the hearing process, the Board may appoint a hearing examiner to conduct preliminary hearings as it deems necessary. The applicant has the burden of proof as to the existence of disability. (Amended 01/18/18)
- A. The General Manager shall provide all relevant evidence and records, including doctor reports that the Board requires for the hearing process, and shall make a written recommendation to the Board on whether applicants should be granted or denied disability or survivor benefits.
  - B. LAFPP staff shall endeavor to accommodate the applicant/representative when scheduling a disability pension hearing. When the applicant/representative cannot be reached, fails to return calls, correspondence, or emails, or twice cancels, delays, or continues a hearing, a compulsory hearing will be scheduled at the Board's convenience.
    - 1) Using certified mail with return receipt requested or by email with return receipt, LAFPP staff shall provide the applicant/representative with the following:
      - a) Notice of three dates to conduct the hearing. The earliest date should be at least four weeks from the date of notice.
      - b) Instructions to choose one of the three dates and to contact LAFPP staff within ten calendar days of receipt of the notice. If no response is received after ten calendar days, the hearing will automatically be scheduled for the last of the three proposed hearing dates.
      - c) Notice that attendance is mandatory and failure to attend the hearing

will result in an administrative withdrawal of the application. If applicant/representative is present but not ready to conduct the hearing on the scheduled date, s/he must provide a verbal explanation to the Board. (Section added 01/18/18)

- C. LAFPP staff may Administratively Withdraw an inactive application. An application shall be considered inactive if it has not proceeded to the next logical processing step for reasons that can't be resolved. The applicant/representative will have 30 calendar days to respond to a request made by LAFPP staff. After 30 days, LAFPP staff shall mail a Notice of Administrative Withdrawal to the applicant/representative. The notice will inform the applicant/representative they have 15 calendar days to reply to keep their application open. If the applicant/representative does not reply, or replies but the delay extends another 30 calendar days, their application will be administratively withdrawn. Once an application is withdrawn, the applicant/representative may submit a new application for a disability pension. Upon receipt of a new application, staff shall start the process over from the beginning. (Section added 01/18/18)
- D. The General Manager shall be responsible for selecting physicians to examine applicants. Physicians, preferably Board certified in their specialty, shall whenever possible be rotated considering geographical and availability constraints. Refusal by an applicant to be examined will cause suspension of disability application processing and initiate the administrative withdrawal process Section 3.4(C). The General Manager may consider applicant objections to physicians made for good cause to select a different physician. (Amended 01/18/18)
- E. Charges by physicians for missed appointments by an applicant or for new or updated reports caused by the delay of an applicant shall be paid by the applicant, unless the applicant can show good cause for the missed appointment or delay. Failure to pay for missed appointments may cause a suspension of processing and initiate the administrative withdrawal process Section 3.4(C). (Amended 01/18/18)
- F. Appeals to the Board of the General Manager's decision regarding the selection of a physician or physician charges to an applicant must be made in writing, within 14 days of the Manager's decision.
- G. All communication with pension physicians relating to any aspect of an examination performed on behalf of the Department of Fire and Police Pensions shall only be through Department staff. Under no circumstances shall an applicant, an applicant representative or operating department directly contact or provide materials or documents to a pension physician without prior approval of Department of Fire and Police Pensions staff. All materials or documents to be reviewed by pension physicians shall first be submitted to staff for inclusion in the administrative record and then forwarded to the physicians.
- H. Physicians who have performed disability examinations shall provide report clarification or additional evidence as required by the applicant or

Department of Fire and Police Pensions staff. Such clarification shall be submitted in writing to the Department of Fire and Police Pensions. This step may be repeated as often as reasonable and necessary. If the applicant does not accept the written response, the applicant may then request a deposition of a pension physician. Staff and a City Attorney shall attend each deposition, arranged by Department of Fire and Police Pensions staff. The cost for the physician and court reporter shall be paid solely by the party requesting the deposition. The Department of Fire and Police Pensions will be responsible for the cost of the transcription service and deposition documents provided by the court reporter. Staff will provide copies of the deposition material. If the applicant fails to accept the results of the deposition, a pension physician may be subpoenaed to appear for questioning at the time the claim is considered by the Board.

### **SUSPENSION OF DISABILITY PENSION PAYMENTS**

- 3.5 It shall be the pensioner's duty to cooperate with the Board and Staff and to comply with reasonable requests when the disability pensioner's medical status is under review. Failure to cooperate or some other action that impedes or prevents completion of the review process may constitute cause for a suspension of disability pension payments by the Board. Suspended pension payments will be deposited in an escrow account.
- A. Staff shall first ascertain if a hardship exists which prevents the pensioner from cooperating with the review process. If there is no apparent hardship, the pensioner shall be provided the opportunity to appear before the Board to present reasons or evidence justifying the lack of cooperation or failure to comply with requests made in conjunction with the review process. If the pensioner fails to appear at this hearing or is unable to demonstrate good cause for noncompliance, the Board may suspend pension payments for a period of one to three months pending compliance.
  - B. If the pensioner continues to refuse or fails to cooperate again, a second hearing will be scheduled for the purpose of suspending disability pension payments until the review process is completed.

### **RESTORATION OF DISABILITY PENSIONERS TO ACTIVE DUTY**

- 3.6 A pensioner on service connected or non-service connected disability pension who is found by the Board to be no longer disabled shall have the pension terminated upon restoration to active duty, or failure to be restored as ordered by the Airport, Fire, Harbor or Police Department, or upon the date of the Board's determination if the retired member had previously been terminated or resigned. (Amended 01/18/18)

### **SURVIVOR BENEFIT APPLICATIONS**

- 3.7 Applications for surviving spouse, minor or dependent children or dependent parent benefits when members are deceased while on active duty due to indisputably service connected causes shall be processed automatically by staff for service connected benefits.

- A. When there is an issue whether the death is service connected, the application shall automatically be processed as non-service connected, without prejudice (recognizing that this is the minimum pension entitlement resulting from the death of an active member.)
  - B. When the cause of death is the result of suicide, and the survivor applies for service connected benefits, the applicant must provide documentation indicating that he/she is the "personal representative" of the deceased member's estate. Acceptable documentation includes a valid and enforceable trust, will, or court order that identifies the applicant as the deceased member's personal representative. Without this documentation, medical providers will not release the deceased member's psychological or medical records, which LAFPP requires for processing an application where suicide is associated with the cause of death. For this reason, LAFPP will not accept an application filed without the required documentation. (Added 04/16/20)
  - C. A hearing shall be conducted by the Board to determine whether the deceased member's death was service connected, at which time the Board shall review the autopsy report, if available, and a report of at least one qualified physician.
- 3.7.1 A surviving child of a Tier 3, 4, 5 or 6 member may qualify for benefits provided for a minor child until he or she reaches the age of 22 years, if such person is enrolled in school full-time, but such person's marriage terminates entitlement to these benefits. Such person must provide proof of registration at an academic or vocational school, with enrollment in the number of units required of a full-time student as determined by the educational institution. Submission of transcripts may be required should there be a dispute regarding continued full-time student status. (Added 01/07/16)

### **POST RETIREMENT SURVIVOR BENEFIT PURCHASE PROGRAM**

- 3.8 Application for post retirement survivors shall be processed automatically by staff.
- A. A Retired Plan Member (Retiree) may elect percentage choices of 30% to 100% continuances in 5% increments (service retirees and disability retirees) provided the election does not exceed any limitations imposed by federal law. The cost factors used to provide the continuance percentage elected shall be based upon the mortality tables as adopted by the Board in the most recent actuarial experience study.
  - B. A Retired Plan Member may make an election to provide a survivor benefit pursuant to Charter Section 1236 on the first day of any given month, provided that all the documents necessary to make this election are provided to the Plan no later than the fifth day of that month, and the Retiree's monthly benefit shall be reduced beginning with the payment due for that month. If the necessary documents are not received by Plan by the fifth day, the election to provide this benefit shall be made on the first day of the following month and the Retiree's monthly benefit shall be reduced beginning with the

payment due that month.

- C. In the event that a Retiree dies less than one year from the date that the Retiree made an election to provide this benefit, as determined pursuant to the prior provision, then no survivor benefit shall be provided unless the Board shall determine that the Retiree's death was accidental. A Retiree's death shall be determined to be accidental if the preponderance of the evidence establishes that an accident resulting in bodily injury caused the Retiree's death. A death due to sickness, bodily infirmity, suicide or an intentionally inflicted injury shall not be considered accidental. If no survivor benefit is provided, a lump sum shall be paid as provided in Charter Section 1236.
- D. The Retiree's entire benefit, to the extent such constitutes his/her separate property, must be payable entirely to him/her at the time that he/she makes an election under this program. A Retiree whose benefit is subject to a wage assignment for support, a tax lien, a workers' compensation offset, or any other lien that may legally be imposed on his/her retirement benefit shall not be eligible to elect to provide a survivor benefit.
- E. A Retiree shall not be precluded from electing this benefit due to a prior community property division awarding a portion of his/her benefit to a former spouse/domestic partner, as that person's separate property, and the balance of his/her benefit to the Retiree as the Retiree's separate property. However, only the Retiree's separate property interest in his/her pension shall be subject to this election. The Retiree's election to provide this benefit shall have no impact upon the former spouse/domestic partner's interest in the Retiree's pension benefit or the payment of other survivor benefits from the Plan. Since the Retiree is paying the full actuarially determined cost of this survivor benefit through a reduction in the Retiree's separate property interest in his/her benefit, the Board shall not subject this survivor benefit to a community property claim from a prior spouse/domestic partner.
- F. A Retiree receiving a disability pension from the Plan may elect to provide a survivor benefit, but should be advised that this benefit will not be paid if his/her disability pension is discontinued and he/she is returned to duty. Also, because his/her disability pension could be subject to reduction in the future, only such portion of the Retiree's disability pension that represents the minimum that he/she could be awarded shall be subject to reduction to provide for a survivor benefit and any balance of his/her disability pension in excess of this minimum amount shall continue to be payable to the Retiree in full.
- G. Because a disability Retiree's benefit may be subject to a Workers' Compensation offset in the future, a disability Retiree shall provide an authorization, signed by both the Retiree and his/her spouse/domestic partner, allowing the Plan, in the event of the Retiree's death, to continue to offset any Workers' Compensation paid to the Retiree from the survivor's benefit until recouped in full. This authorization is required because the survivor's benefit is funded by a reduction in the disability benefit payable during the Retiree's lifetime, which reduced the amount of the offset

recoverable directly from the Retiree.

- H. The election to provide a survivor benefit must be signed by the Retiree unless someone else has the legal authority to act for the Retiree in this regard. When the Retiree lacks the capacity to make this election and there is no one else legally authorized to act on the Retiree's behalf, staff shall prepare a report explaining the situation for the Board's consideration prior to taking any final action by the Board.

### **REINSTATEMENT OF SERVICE PENSIONERS**

- 3.9 The General Manager shall provide a written recommendation to the Board on all applications for reinstatement to active duty from a service pension and the Board shall conduct a hearing on such applications.

### **CORRECTION OF ERRONEOUS PAYMENTS**

- 3.10 A. Overpayments

The Department of Fire and Police Pensions shall recover any payments made in error exceeding \$250, pursuant to the IRS Employee Plans Compliance Resolution System Section 6.02(5)(c), or as a result of failure of a beneficiary to notify the Department of discontinuation of entitlement to benefits (e.g., due to death of a pensioner or surviving spouse, attainment of Charter/Administrative Code specified age for a minor, or discontinuation of full-time student status of a minor).

An additional amount equivalent to the interest that would have been earned in accordance with Section 5.1 (i.e., the amount credited to member accounts) during the period of overpayment shall also be charged to the member or beneficiary. The member/beneficiary shall be notified of the amount of the overpayment, including interest, and provided an opportunity to pay the total amount due in a lump sum or in two installments within a six-month period from the notification. If the member/beneficiary elects to have the overpayment collected out of future monthly benefit payments, the payment period, not to exceed the individual's life expectancy per the Social Security Administration's Retirement & Survivors Benefits – Life Expectancy Calculator, shall be determined in advance by the member/beneficiary, except however, the General Manager may prescribe a minimum payment amount. The entire balance may be paid at any time.

If the member/beneficiary who received the overpayment is deceased, reasonable recoupment efforts shall be taken, including an offset against the decedent's last check and request for payment from the decedent's estate.

If the overpayment is a result of delayed notification of a surviving child's (between age 18 and 22) discontinuation as a full-time student, the funds to be recovered are effective the month subsequent to the date of discontinuation. Recoupment may be made by offsetting against any reinstated benefits should the surviving child later re-enroll in school on a full-time basis.

In the instance that a responsible party cannot be found, the General Manager may request issuance of subpoenas through the Office of the City Clerk to obtain

additional pensioner bank account owner information or any other information the General Manager deems necessary to assist in recovery of the overpayment(s).

If the collection requests are unsuccessful, additional reasonable recoupment efforts shall include filing a creditor's claim, suing the responsible party in small claims court, utilizing a collection agency, or filing a lawsuit against the responsible party.

If, after all reasonable recoupment efforts have been taken and found unsuccessful, for amounts up to \$20,000, the General Manager shall have the authority to write off the overpayment in whole or in part. For amounts over \$20,000, the matter will be discussed with the City Attorney for likeliness of repayment and then brought before the Board for further consideration and/or instructions. For any unrecovered amount, the Board shall have the authority to write off the overpayment in whole or in part or to take such other action as the Board deems reasonable and appropriate.

#### B. Underpayments

If the error results in an underpayment, an additional amount equivalent to the interest that would have been earned in accordance with Section 5.1 (i.e., the amount credited to member accounts) during the period of underpayment shall also be paid to the member/beneficiary. (Amended 01/07/16, 05/07/20, 10/15/20 and 08/04/22)

### **PENSION PAYROLL DEDUCTIONS FOR ORGANIZATIONS**

3.11 The Department of Fire and Police Pensions permits organizations that are organized or operated for the benefit of LAFPP members, Police Officers or Firefighters to receive deductions from LAFPP pension payments.

Organizations seeking to receive pension deductions after the effective date of this policy will be required to provide, as part of any request:

- Evidence that the organization is organized or operated for the benefit of LAFPP members, Police Officers or Firefighters;
- Evidence that a minimum of 50 retired LAFPP members are willing to authorize voluntary deductions to the group; and
- The organization must receive monthly deductions from at least 50 LAFPP pensioners for LAFPP to continue processing deductions.

Under this policy, organizations that are currently receiving deductions from less than 50 members will remain eligible to continue receiving deductions from LAFPP regardless of membership figures. This policy does not apply to organizations providing medical and/or dental insurance to LAFPP members.

The General Manager or his/her designee shall establish a procedure for approving or denying applications from organizations seeking eligibility to receive voluntary pension deductions. If the organization is approved to receive deductions, the authorized deductions shall be submitted to LAFPP electronically.



Payment shall be prepared and issued to such organizations by LAFPP after the close of each respective Pension payment period. All organizations must submit to the General Manager financial records upon request. (Section added 04/19/18)

### **STALE-DATED CHECKS**

- 3.12 Pension or refund checks that have not been negotiated after 180 days will be considered stale-dated and cancelled. Prior to cancellation, members/beneficiaries will be contacted approximately one month prior to the check's expiration date reminding them of the deadline. If contact cannot be established or the member/beneficiary does not negotiate the check within the 180-day period, notification along with an affidavit form requesting a replacement check will be sent by certified mail with return receipt explaining that the check has been cancelled and that a new check will not be issued until a completed affidavit is received. (Section added 06/21/18)

### **ESTABLISHMENT OF DOMESTIC PARTNERSHIPS**

- 3.13 It is the intent of the Board that with regard to all LAFPP benefits, domestic partners shall have the same rights, protections, and benefits, and shall be subject to the same responsibilities, obligations and duties, as are afforded to spouses, to the greatest extent permissible under law. If there are any omissions or ambiguities in this policy regarding the rights of domestic partners, LAFPP shall resolve them in a manner that best fulfills this intent to treat domestic partners and spouses equally.
- A. Just as a married member must notify LAFPP of the marriage and provide documentary proof (i.e., marriage certificate), a member in a domestic partnership must notify LAFPP of the existence of the partnership and provide documentary proof. Acceptable documentary proof shall include a Declaration of Domestic Partnership form filed with LAFPP, a copy of a State of California Affidavit/Declaration of Domestic Partnership, a copy of an affidavit or declaration of domestic partnership filed with another City Department, a formal letter of acknowledgment from another City Department, or similar documentary proof of a domestic partnership filed in another jurisdiction, subject to legal review by the Office of the City Attorney.
- B. Should the member fail to notify LAFPP of the existence of the domestic partnership prior to their death, the surviving domestic partner shall notify LAFPP and provide documentary proof of the establishment of the domestic partnership. Acceptable documentary proof shall be the same as described in paragraph A, above. Upon receiving such notice and documentary proof of the domestic partnership, the domestic partner shall be entitled to the same rights as would a spouse of a deceased member under the applicable eligibility requirements of the Plan. If a beneficiary form is on file with LAFPP indicating a different beneficiary than the surviving domestic partner, and the surviving domestic partner is determined to be eligible for survivorship benefits under

the applicable Plan provisions, any inconsistent beneficiary form shall be deemed invalid.

- C. For the purpose of determining eligibility for survivorship pension benefits, any reference to the date of marriage shall be deemed to refer to the earliest date of registration of a domestic partnership with the State of California, any City Department, or another jurisdiction, subject to legal review by the Office of the City Attorney.
- D. For a member whose domestic partner is also an LAFPP member, only one Declaration or Termination of Domestic Partnership form or documentation of establishment of domestic partnership with the State, any City Department, or another jurisdiction, is required to be filed with LAFPP. The form/documentation will be cross-filed in both members' pension files.
- E. Staff shall grant to domestic partners the same rights, responsibilities, and benefits with regard to LAFPP as are provided to married persons, upon LAFPP's receipt of the notification and documentation of a valid domestic partnership, as stated in this policy. Just as members have a responsibility to notify LAFPP of a divorce or legal separation from a spouse, members shall promptly notify LAFPP of the termination of a domestic partnership. If LAFPP receives written notice that a domestic partnership has been terminated or is invalid for some other reason, LAFPP shall review the information, conduct any other necessary research, and determine, with the assistance of the City Attorney, whether the partnership has been terminated or remains in effect. (Section added 01/07/21)

## **HISTORY**

- 3.14 Adopted: Circa June 13, 1996; Amended 11/02/06, 12/04/08, 05/07/09, 01/21/10, 12/16/10, 08/04/11, 01/05/12, 11/15/12, 12/06/12, 12/19/13, 05/01/14, 05/21/15, 01/07/16, 11/03/16, 10/19/17, 01/18/18, 04/19/18, 06/21/18, 03/21/19, 04/16/20, 05/07/20, 07/02/20, 10/15/20, 01/07/21, and 08/04/22.

## **REVIEW**

- 3.15 This policy shall be reviewed by the Board as needed and may be amended by the Board at any time.

## Los Angeles Fire & Police Pension System

### 4.0 - HEARINGS

#### REPRESENTATION

- 4.1 Applicants may represent themselves, may be represented by legal counsel or by a representative of an organization registered with the City Clerk's Office. A non-represented applicant may, at any time, terminate a hearing for the purpose of securing legal counsel. An applicant who has represented him or herself at a concluded hearing may request a rehearing within 90 days after the Board has adopted Findings of Fact for the purpose of being represented by legal counsel. If at the time such rehearing is scheduled an applicant fails to be represented by legal counsel, there shall be no rehearing unless the applicant meets the requirements of Section 4.11.

#### RELEASE OF FILES

- 4.2 Upon the signed authorization of an applicant, the applicant's administrative file may be released for review by his/her authorized representative and to the medical liaison officer of the applicant's employing department. Prior to a hearing, a medical resume shall be furnished to the applicant.

#### WITNESSES

- 4.3 An applicant, the Department of Fire and Police Pensions or the applicant's employing department may present witnesses or evidence relevant to the application. All witness testimony shall be sworn. Witness fees may be provided, if applicable, in accordance with the Government Code. Fees shall be paid by the party requesting the witness to appear. The Board may issue subpoenas, within its authority.

No less than ten (10) working days prior to the disability pension or survivor application hearing, the applicant or his/her authorized representative is required to provide Disability Pensions Section Staff with a complete list of witnesses, the subject matter of the testimony, and a summary of the testimony to be provided by each witness. Witness testimony should focus on facts relevant to establishing service-connection and/or the extent and nature of the applicant's physical and/or psychological limitations. (Added 04/16/20)

#### EVIDENCE

- 4.4 All evidence to be presented at a hearing must be received by the Department of Fire and Police Pensions no later than ten (10) working days prior to the hearing date; although the Board may waive this requirement upon showing that no prejudice to any party will result. Any document submitted for inclusion in the Administrative File shall first comply with the following guidelines.
- A. The document must contain the name of the author, the date of preparation and where the author can be contacted. The document cannot contain any

information or statements made by anyone other than the author unless the source is identified.

- B. The document cannot contain opinions unless a factual foundation is made to support the opinion and a statement of special qualifications that enables the author to formulate the opinion is included. When the opinion is within the understanding of any reasonable person, a statement of special qualifications is not necessary.
- C. Any document submitted for inclusion in the Administrative File in-lieu of testimony before the Board shall be in the form of a Declaration Under Penalty of Perjury or a signed and dated affidavit. Staff shall notify any person who submitted material that does not qualify so the person can resubmit in compliance with the guidelines.
- D. Objections to inclusion or exclusion of documents in the Administrative File shall be submitted in writing to staff or may be raised at the time of the Board hearing on the claim. The Board's decision shall be final.
- E. These guidelines are not applicable to documents that have historically proven to be reliable: medical, personnel and workers' compensation records, staff work product or any document that would be admissible in a court proceeding.
- F. Nothing in this rule shall prevent the admission of material that is relevant, reliable and helpful to the better understanding of the claim, even though it does not strictly comply with the above guidelines.

#### **ASSIGNMENT OF CASES**

- 4.5 The General Manager shall designate a limited number of commissioners to preside over disability pension and survivor application hearings as Disability Hearing Officers. These designated commissioners will serve as subject matter experts and be trained in conducting administrative hearings. Disability Hearing Officers will be responsible for ensuring that each disability hearing proceeds fairly, efficiently, and expeditiously.

#### **CONDUCT OF HEARINGS**

- 4.6
  - A. The commissioner assigned the case shall lead the questioning of the applicant/ applicant's representative; however, any commissioner may ask follow up questions. The applicant/representative shall be required to indicate whether the file is complete and whether there are any objections to evidence contained in the file. The assigned Disability Hearing Officer, with the advice of the City Attorney shall rule on the admissibility of questions or evidence. Commissioners may also direct questions to the medical liaison officer of the applicant's employing department, to the applicant's witnesses and to Pensions Department staff, as deemed necessary.
  - B. The applicant shall have the right to be present during the presentation of all testimony and evidence. After all testimony has been received, the

applicant/representative shall be given the opportunity to provide a summation.

#### **DELIBERATIONS BY BOARD**

- 4.7 Following receipt of all testimony and evidence, the applicant and witnesses may be excused. The applicant's counsel may remain during deliberations, but may not participate in the discussion. If an applicant is representing him or herself, he or she may remain during deliberations.

#### **APPROVAL AND REVIEW BY BOARD**

- 4.8 The Board shall approve or deny applications for benefits in accordance with applicable Charter provisions, case law and City Attorney opinions. It may, at the time of an award of a disability pension, establish a time for review of the pensioner and cause a re-examination by one or more doctors. The Board may, at any time, initiate a review of a disability pensioner upon the request of the pensioner or upon receipt of information that appears to indicate the pensioner's condition has changed from the time the pensioner was retired.

#### **OFFICIAL NOTICE OF BOARD ACTION**

- 4.9 Official notification of the Board's action shall be communicated in writing as soon after the hearing as possible.

#### **NON-SERVICE CONNECTED DISABILITY HEARINGS**

- 4.10 When the Board has determined that a disability is non-service connected and the applicant is eligible for a service pension or a deferred service pension, final action shall be deferred sixty (60) days from the date of such determination to permit the applicant to apply for a service pension, or to accept the non-service connected disability pension. If such notification is not received within sixty days, the non-service disability pension shall become effective the date of the Board action.

#### **REHEARING**

- 4.11 The Board may, on its own motion, or at the request of an applicant rehear a disability application within 90 days of Board action under the following conditions:
- A. The Board may have acted in error on the facts of the claim; or
  - B. A non-represented applicant has obtained legal representation (Sec. 4.1); or
  - C. The applicant presents, at the time of the request, new and different evidence which, in the exercise of due diligence, could not have been made available by the applicant to the Board at the time of the original hearing; and
  - D. Such new evidence, or statement of such evidence, has first been administratively reviewed by Department of Fire and Police Pensions' staff and the City Attorney and their recommendations have been presented to the Board.

## **REAPPLICATION FOR DISABILITY PENSIONS**

- 4.12 Reapplications received within 90 days after the Board has adopted the Findings of Facts denying a disability pension shall be processed in accordance with the procedure for rehearings (4.11), except if the applicant can present information at the time of filing that the reapplication is due to a new injury or re-injury, a new illness or substantial deterioration or aggravation of an injury or illness upon which the previous application was based. If such new information cannot be provided, the matter shall be scheduled for hearing before the Board to determine whether the General Manager shall proceed to process the disability pension application.

## **ACTIVE DEATH HEARINGS**

- 4.13 The conduct of hearings to determine whether the death of an active member was service-connected shall be conducted in the same manner as a Disability Pension hearing. The surviving spouse, dependent parent or legal guardian of minor or dependent children shall be notified of the date and time of such hearing, shall be invited to be present and permitted to offer evidence and testimony to support a claim that the death was service-connected. When the cause of death is suicide, notwithstanding any staff recommendation, the Board shall conduct a hearing on the application (i.e., as an Alternative 2 hearing), to determine whether or not the death was service-connected. (Amended 07/21/22).

## **HISTORY**

- 4.14 Adopted: Circa June 13, 1996; Amended 11/02/06, 10/01/09, 04/16/20, and 07/21/22.

## **REVIEW**

- 4.15 This policy shall be reviewed by the Board as needed and may be amended by the Board at any time.

## Los Angeles Fire & Police Pension System

### 5.0 - MEMBER ACCOUNTS

#### CREDITING OF INTEREST

- 5.1 The General Manager shall determine the approximate earned investment income of all funds for each (6) six-month period ending December 31 and June 30, excluding profits and losses from the sale of securities, as follows:

Earned Investment Income for the six-month period divided by (1/2 of the beginning asset balance + each of the following five months asset balance + 1/2 of ending asset balance) divided by six months.

A recommendation shall be presented to the Board, based upon this calculation. The Board shall adopt an official interest rate that shall be credited to individual member contribution accounts.

#### REFUNDS OF CONTRIBUTIONS

- 5.2 Upon the written request of terminated System members, the General Manager shall process refunds of contributions, plus interest credited as of the last day of each June and December, and additional interest for any period of service between the next preceding last day of June and December and the end of the pay period preceding the date of termination, at the rate at which regular interest was last credited to plan member's individual accounts.

Refunds for Public Service Purchases (PSP), as described in Section 5.5 below, are subject to the provisions of Administrative Code Section 4.2212. A member may elect that a refund, due to overpayment of PSP as determined by an actuarial "true-up", be processed via trustee-to-trustee transfer to the City's Deferred Compensation 457(b) Plan upon termination of employment if the 457(b) plan was a source of the original PSP payment. As a limited exception to the provisions under Administrative Code Section 4.2212, an overpayment correction of a PSP purchase, not due to a true-up, may be made, including to the City's Deferred Compensation 457(b) Plan, as described in Section 5.5(D) below without the requirement for a termination of employment. (Amended 03/17/16)

- 5.2.1 Upon application by a former member of LAFPP who currently is employed by the City as a member of LACERS or Water and Power Employees' Retirement Plan (WPERP), the General Manager is authorized to transfer all contributions (including interest) of the former member directly to LACERS or WPERP for the purpose of enabling the former member to purchase service credit and other benefits as authorized under the provisions of LACERS or WPERP. In connection with this transfer, the former member shall be required to sign a written waiver of all rights to benefits from LAFPP.

The purpose of this Board rule is to restore the rights that former members previously had (prior to December 21, 1996) to transfer their contributions to LACERS or WPERP in order to purchase service credit and other benefits with

LACERS or WPERP in a manner that is consistent with the provisions of LACERS or WPERP and current tax law. This rule shall not establish a reciprocity program between LACERS and LAFPP or between WPERP and LAFPP.  
(Amended 05/02/19)

**CONTRIBUTIONS OWED TO THE SYSTEM**

- 5.3 The General Manager is authorized to collect mandatory regular pension contributions owed to the System that were not collected and voluntary additional pension contributions as defined in Administrative Code Section 4.1167. For amounts less than or equal to a member's biweekly contribution, no notification is required to the member. For amounts greater than a member's biweekly contribution, the member shall be notified of the amount due and provided an opportunity to pay the total amount in a lump sum. If the member does not pay such amount within 30 days of such notification, the General Manager is authorized to initiate deductions from the member's salary in the amount of 2% until the amount due has been collected. This 2% deduction may be reduced upon the member's election to pay interest equivalent to the Board approved assumed actuarial rate in effect when the agreement is made. The payment period, not to exceed ten years, shall be determined in advance by the member, except however, the General Manager may prescribe a minimum payment amount. The entire balance may be paid at any time. If the member applies for a pension prior to completing the agreement, the entire balance of the purchase agreement, including interest accrued to date, becomes due. (Amended 12/06/12)
- 5.3.1 Members of the Airport Department who transferred from LACERS to Tier 6 shall continue to make member contributions at the rate applicable to his or her LACERS membership to the extent required by the Internal Revenue Code and as further described in Charter §1714(a)(3). A LACERS Tier 1 member who elected to transfer to Tier 6 will make member contributions at the following rates:
- 1) Before the LACERS ERIP obligation expires (June 30, 2026): 11% of compensation on a pre-tax basis.
  - 2) After the ERIP obligation expires but before the member has 25 years of service: 11% of compensation of which 10% will be made on a pre-tax basis and 1% will be made on an after-tax basis; and
  - 3) After the ERIP obligation expires, and after the member has 25 years of service up to retirement: 10% of compensation on a pre-tax basis. (Added 03/16/17)
- 5.3.2 Voluntary Additional Contributions for Retiree Health: Pursuant to Administrative Code Section 4.1167, a member may have irrevocably elected to make voluntary additional contributions (Additional Contributions) to his or her tier of the Fire and Police Pension Plan by salary deduction at the rate of 2% of his or her regular biweekly base salary (as distinguished from pay actually received) in order to support the City's ability to fund retiree health benefits. These Additional Contributions shall be deposited into each such member's individual contribution account and shall be treated for any and all purposes the same as the member's regular contributions to the Fire and Police Pension Plan.



These contributions do not count for a member's service credit. A member who irrevocably elected to make 2% additional "opt-in" contributions to avoid the subsidy freeze and receive future increases in the maximum health subsidy, will continue to make such contributions until he/she has done one of the following, whichever is earliest, at which time his or her obligation to make further Additional Contributions shall terminate: (1) made such opt-in contributions for 25 years, or (2) retired on a service or disability pension, or (3) exited the Deferred Retirement Option Plan (DROP). These Additional Contributions will not be collected when a member is on Injury on Duty (IOD), Military Leave (ML), or other unpaid status, and this time will not count toward the required 25-year contribution period. (Added 12/20/18)

#### **CONTRIBUTIONS COLLECTED IN ERROR**

- 5.4 The General Manager is authorized to refund mandatory and non-mandatory contributions collected in error.

#### **PURCHASE OF SERVICE CREDIT**

- 5.5 Upon the written request of a member of Tier 3, Tier 4, Tier 5 or Tier 6, application may be made for purchase of Years of Service Credit. Plan membership is defined by City Charter §1502(c), §1602(c), §1702(e) and Administrative Code §4.2002(c). Only active, non-DROP members of the Police, Fire, Harbor, and Airport departments are allowed to purchase service credit as defined in applicable Charter and Administrative Code provisions. (Amended 03/16/17)

(i) Recruit Training Time – City Charter §1500(a), §1600(a), §1700(b), §1700(f) and Administrative Code §4.2000(a)

A member may purchase their entire recruit training time or they may purchase a prorated amount. (Amended 03/16/17)

(ii) Prior Service Time – City Charter §1500(b), §1502(m)(4), §1514(d), §1600(f), §1602(m)(4), §1700(d), §1702(q)(4)&(6), §1714(e), Administrative Code §4.2002(m)(4) and §4.2014(d)

A member may purchase the entire period of prior service as a former member of Tiers 1, 2, 3, 5, or 6 by re-depositing the entire amount of refunded contributions and interest, or may purchase a portion of such service by depositing a prorated amount of the refunded contributions and interest in accordance with paragraph B. (Amended 03/16/17)

(iii) Temporary Disability paid at State rate – City Charter §1502(m)(4), §1514(e), §1602(m)(4), §1614(e), §1702(q)(4) and §1714(g), Administrative Code §4.2002(m)(4) and §4.2014(e)

A member may purchase their entire temporary disability paid at State rate, or they may purchase a prorated amount. (Amended 03/16/17)

(iv) Non-service connected disability pension – City Charter §1502(m)(2), §1602(m)(2), §1702(q)(2), Administrative Code §4.2002(m)(2)

Members who elect to have service credit restored for time spent on a non-service connected disability pension may purchase the entire time or a prorated amount. (Amended 03/16/17)

(v) Paramedic/Civilian Ambulance Service while a member of the City Employees' Retirement System for current members of Tier 3 or Tier 4; former members of Tier 3 or Tier 4 who transferred to Tier 5; and former members of Tier 2 who transferred to Tier 5 – City Charter §1500(d), §1600(g), Administrative Code §4.2000(d) and §4.2000(c)(4)

Members who received a refund of contributions and interest from the City Employees' Retirement System for a service as a paramedic/civilian ambulance employee can purchase this prior service, or a partial period of this service, by re-depositing the amount refunded plus interest that would have been earned had the member not received the refund. (Amended 07/21/05)

(vi) Public Service Purchase (PSP) – Administrative Code §4.2212

A member may increase the monthly retirement allowance or survivorship benefits based upon the increased retirement allowance with the purchase of public service credit, not to exceed 4 years, that includes full-time service with a public entity, including a branch of the military service. Verification through a Certification of Service or presentation of original proof of military service time (DD214) will serve to establish eligibility of service time sought for purchase.

(vii) Office of Public Safety (OPS) Service Purchase Program – Administrative Code §4.2214

Members who were transferred to the Police Department from the Department of General Services' OPS and gained status in Class Code 2214, 2217, 2223, 2227, 2232, or 2244, and who become members of Tier 6 may purchase service. Only sworn service in Class Codes 3183, 3185, 3188, and 3198 is eligible for purchase. Former OPS officers are eligible to purchase either the minimum or the maximum eligible OPS service credit as determined by the Plan's actuary. Members shall not be allowed to purchase a different number of years of service for Tier 6 health benefit purposes than for purposes of other Tier 6 benefits. Eligible members must enter into a written purchase agreement on or before June 30, 2015. (Added 10/16/14)

(viii) Airport Peace Officer Service Purchase Program – Administrative Code §4.2215

Members of the Airport Department in class codes 3225-1, 3225-2, 3225-3, 3202-0, 3202-1, 3202-2, 3236, 3226-0, 3226-1, 3226-2, 3227, 3203, 3203-9, 3228-0, 3228-1, 3228-2, 3205, 3234 or 3232, who were appointed prior to January 7, 2018, or who, on that date or the date immediately preceding the date of such person's appointment as a firefighter and employment by the Fire Department, had served as a sworn Airport Department employee in these class codes, and made an irrevocable election in writing to become a member of Tier 6 in lieu of membership in LACERS, must purchase all of their prior LACERS service. Eligible members

must enter into a written purchase agreement prior to graduation from the Fire Department drill tower or prior to January 7, 2018, whichever is earlier. (Added 03/16/17)

The following rules apply to the purchases above unless otherwise stated:

- A. Service credit may be purchased by a single cash payment or on an installment basis through payroll deduction, or both. However, if the member is purchasing nonqualified permissive service credit as defined by Internal Revenue Code Section 415(n), the member may not make the purchase with after-tax contributions unless the member has five or more service credit years. In accordance with Los Angeles Administrative Code Section 4.1906(q) if a member making a purchase of nonqualified service has less than five service credit years, a trustee-to-trustee transfer from the City of Los Angeles Deferred Compensation Plan or a rollover from an eligible retirement plan is the only payment option available. The only exception to this rule is, if a member transfers all of his or her funds from the City's Pension Savings Plan (for Part-Time, Seasonal and Temporary Employees) into his or her Deferred Compensation Plan account to make this purchase via a trustee-to-trustee transfer, then the balance of the purchase, if any, may be paid on an installment basis with after-tax payroll deductions or a lump sum payment. Members who elect to purchase prior service, recruit training time or temporary disability through payroll deduction contract shall be limited to two such contracts for any one type of purchased service. Members who elect to make a public service purchase through payroll deduction contract shall be limited to one such contract for each period of service purchased. Each such purchase service contract may be initiated or ended by a lump sum payment.

A member may also purchase service credit by making a lump sum payment by waiving his or her right to all benefits with LACERS or WPERP and authorizing a transfer of all his or her LACERS or WPERP member contributions and accrued interest from LACERS or WPERP to LAFPP, provided that the total amount of the member's LACERS or WPERP contributions and interest does not exceed the remaining amount that the member owes LAFPP for the purchase. Should this transfer not be large enough to cover the entire cost of the purchase, any balance owing may then be paid by the member either as a lump sum payment or on an installment basis through payroll deduction. If the member is purchasing nonqualified permissive service, the member must have five or more service credit years unless the exception noted above applies. (Amended 05/02/19)

For OPS service purchases made through payroll deduction the member may terminate the payroll deduction contract and cease further payments. The member shall not be allowed to complete this purchase at a later date or enter into another agreement to purchase this service. The member will receive prorated years of service based on the payments already made.

A member may make any cash payment or lump sum payment authorized above by using a trustee-to-trustee transfer from the City of Los Angeles Deferred Compensation Plan. Should a trustee-to-trustee transfer not be

large enough to cover the entire cost of the purchase, any balance owing may then be paid by the member either as a lump sum payment or on an installment basis through payroll deduction. If the member is purchasing nonqualified permissive service, the member must have five or more service credit years unless the exception noted above applies. A trustee-to-trustee transfer may also be used by Tier 2 members to purchase Lost Service Time.

A member purchasing OPS service may make a lump sum payment by waiving his or her right to all benefits (based on all his or her non-OPS service) with LACERS and authorizing a transfer of all his or her remaining LACERS member contributions and accrued interest from LACERS to LAFPP, provided that the total amount of the member's remaining LACERS contributions and interest does not exceed the remaining amount that the member owes to LAFPP for the purchase. (Amended 01/18/18)

- B. When payment is made through payroll deduction, the member may elect a payment period not to exceed ten years for all purchases except public service, OPS service purchases, and Airport Peace Officer service purchases. For public service and OPS service purchases, the member may elect a payment period that is not to exceed thirty years, does not extend past the date on which the member would attain the maximum years of service permitted by his/her tier when the public service or OPS service purchase is included, and establishes payment three months prior to the member's intended retirement/DROP entry date for all contracts. For Airport Peace Officer service purchases, the member may elect a payment period that is not to exceed thirty years and establishes payment three months prior to the member's intended retirement/DROP entry date for all contracts.

The General Manager may prescribe a minimum payment amount for all contracts. The member's payroll deduction for a contract will be the greater of the minimum amount prescribed by the General Manager or the amount necessary to complete the contract within the allowable time as defined in the previous paragraph. The schedule, which shall be determined by the member in advance, cannot be changed except the member may pay off the balance at any time.

The member shall be charged an amount equivalent to the Board determined assumed actuarial interest rate in effect when the contract is signed. However, OPS service purchases will pay an interest rate of 7.75%, and Airport Peace Officer service purchases will pay an interest rate of 7.5%. For the purchase of prior service, an additional amount equivalent to the interest that would have been earned in accordance with Section 5.1 (i.e., the amount credited to member accounts) shall also be charged.

For all purchases described in Section 5.5, except for purchase of prior service, public service, OPS service purchases or Airport Peace Officer service purchases, no additional amount will be charged if the purchase agreement begins within one year of the member's eligibility to make the purchase. If the purchase is made after the one year eligibility date, an additional amount equivalent to the interest that would have been earned in accordance with Section 5.1 shall also be charged from the eligibility date

until the beginning date of the purchase agreement. Such payments may be made on either a pre-tax or post-tax basis, except that payroll deductions for public service, OPS service purchase, and Airport Peace Officer service purchase contracts may be made only on a post-tax basis, with pre-tax contributions subject to all requirements of the Internal Revenue Code.

Purchases of service credit time for Tier 5 and Tier 6 Plan members are to be calculated based on the pension rate in effect during the period of service time to be purchased. If a contribution rate change falls within a pay period, a pro-rated rate shall be applied. (Amended 03/16/17)

- C. A qualified surviving spouse/domestic partner may complete the purchase of years of service agreed to by a member, and subject to a true up for public service purchases, by remitting a lump sum payment prior to benefits being granted.

A qualified surviving spouse/domestic partner who elects to complete an Airport Peace Officer service purchase agreed to by a member, rather than to have the member's years of service pro-rated based upon the payments made prior to the member's death, shall have 90 days following the member's death to make his or her election. Payment must be received within 180 days following the member's death. (Amended 03/16/17)

- D. The Board shall establish the amount of interest and the manner in which this interest is credited on PSP payments for refund purposes as provided by Los Angeles Administrative Code Section 4.2212. The amount of interest established by the Board for refunds of PSP purchases shall be the rate applied to individual member contribution accounts in accordance with Section 5.1. This contribution rate shall apply on a daily basis.

With the exclusion of any correction necessary to adjust an overpayment of a PSP purchase (i.e., the transferor plan transferred an incorrect amount for the PSP purchase, or the Plan determined that there was an error in the calculation of the amount necessary for the purchase), a member shall not be paid a PSP refund until the member terminates employment. (Added 03/17/16)

## **WORKERS' COMPENSATION AWARD RECAPTURE**

- 5.6 Disability pension payments must be reduced by the total amount of compensation awarded or paid pursuant to Workers' Compensation in accordance with Los Angeles City Charter Article XI, Part 3, Section 1212 (Effect of Receipts of Workers' Compensation). As to Workers' Compensation payments being received concurrently with a disability pension, the General Manager is directed to reduce the monthly pension by the monthly equivalent of the Workers' Compensation payments. As to Workers' Compensation awards or payments received prior to the granting of the disability pension, the General Manager is directed to deduct from monthly pension payments on an installment basis until the total amount of prior Workers' Compensation has been offset. Each deduction made on an installment basis shall be in an amount of no less than twenty-five (25) percent of the monthly gross pension amount. The member, at his or her discretion, may elect to repay

the full amount of prior Workers' Compensation at any time. The member and General Manager may agree on deduction amounts greater than twenty-five (25) percent. If a member, upon being granted a disability pension, is eligible to receive a pension payment retroactive to a date earlier than the Board action date, the deduction provisions stated above shall be applied to the retroactive pension payment. (Amended 03/07/13)

#### **WORKERS' COMPENSATION RECAPTURE SUSPENSION**

- 5.7 Effective October 15, 2020, the Board elected to eliminate the program to suspend Workers' Compensation recapture. Through this action, the General Manager will administratively deny requests and there will be no appeal process available to members. (Added 11/05/2020)

#### **ACCEPTANCE OF ELECTRONIC SIGNATURES**

- 5.8 The Board authorizes the acceptance of an electronic signature on a document that requires a signature. Such document shall be given the same force as a signed, valid original document, if the document and electronic signature are submitted using technology that the Board deems sufficient to ensure its integrity, security and authenticity. The system deemed sufficient shall embody all of the following attributes:
- a) User ID and password are unique to each member, and
  - b) The User ID and password are capable of verification. (Added 05/02/13)

#### **FORFEITURE OF UNCLAIMED FUNDS TO THE PLAN**

- 5.9 The Board authorizes the General Manager to declare a forfeiture of money or relieve a person from forfeiture of money. The General Manager is authorized to declare a forfeiture of all monies, including but not limited to contributions, interest, and benefits, that become payable or distributable from LAFPP to any owner who either cannot be found or refuses to accept payment or distribution within ten years of the date such monies become payable or distributable from LAFPP. (Added 09/03/15)

#### **HISTORY**

- 5.10 Adopted: Circa June 13, 1996; Amended 07/21/05, 04/05/12, 07/05/12, 12/06/12, 03/07/13, 05/02/13, 05/16/13, 02/20/14, 10/16/14, 09/03/15, 03/17/16, 03/16/17, 01/18/18, 12/20/18, 05/02/19 and 05/07/20. (Also listed after amended sections).

#### **REVIEW**

- 5.11 This policy shall be reviewed by the Board as needed and may be amended by the Board at any time.

## Los Angeles Fire & Police Pension System

### 6.0 – ELECTED EMPLOYEE AND ELECTED RETIRED BOARD MEMBER ELECTIONS

#### PURPOSE

This policy is to provide the Board with an overview of the election process for the Elected Employee Members of the Board and Elected Retired Members of the Board, based on Los Angeles Administrative Code (LAAC), Division 23, Chapter 5, Articles 5.0 and 5.5.

#### TERM OF OFFICE

- 6.1 The terms of the elected members of the Board shall be five years beginning on the first day in July of the year of their respective election. The terms of the elected members shall be staggered. (LAAC Sections 23.102.1 and 23.103.1)

#### ELECTION DATES

- 6.2 Elected Employee Member - Regular elections shall be held by April 30 of each year in which the term of office of an employee elected member of the Board expires. Runoff and Special Elections shall be held on dates as authorized by the Board. (LAAC Section 23.102.2)

Elected Retired Member - Regular elections shall be held by May 31 of each year in which the term of office of a retired elected member of the Board expires. Runoff and Special Elections shall be held on dates as authorized by the Board. (LAAC Section 23.103.2)

Special Election – Special elections shall be conducted to fill the unexpired term of an elected member of the Board who has submitted a letter of resignation or the office becomes vacant by virtue of death, retirement, termination of employment, or for any other reason. However, no special election shall be held when a regular election is scheduled to take place within six months or less from the date of when the special election is held. If a special election is conducted, it shall be held not more than 90 nor fewer than 60 calendar days after the submission of the letter of resignation or the receipt of notification of the vacancy. (LAAC Sections 23.102.10 and 23.103.10)

#### ELIGIBLE VOTERS

- 6.3 Elected Employee Member – Eligible voters shall be only those who, on the date of the election, are members of the department of which the candidate is also a member. (LAAC Section 23.102.2)

Elected Retired Member – Eligible voters shall be only those who, on the date of the election, are retired members of the department from which the candidate retired. (LAAC Section 23.103.2)

## **Elected Employee and Elected Retired Board Member Elections**

### **NOMINATION OF CANDIDATES**

- 6.4 Eligible members must submit a completed Notice of Intent to run for office to become a candidate. Along with the submission of the Notice of Intent, interested candidates may include an occupational ballot designation and a typed statement of qualifications for office. Any materials pertaining to this nomination process shall be submitted to the Office of the City Clerk (City Clerk) within the due date specified. The completed occupational ballot designation and typed statement of qualifications for office is not verified by LAFPP or the City Clerk. (LAAC Sections 23.102.3 and 23.103.3)

### **NOTICE OF ELECTION**

- 6.5 Prior to election, the Board shall notify the City Clerk (and the General Manager of the Personnel Department, for Elected Employee Member election) of the fact of the election. In addition, the Board shall have caused to be prepared a Notice of Election specifying the election date, a sample ballot containing the name of each qualified candidate, rules concerning eligibility to vote, and any additional information and instructions as the City Clerk may determine. (LAAC Sections 23.102.4 and 23.103.4)

### **OBSERVERS**

- 6.6 Qualified candidates whose names appear on the election ballot may each designate no more than two observers to observe that ballots are properly cast and votes are properly counted. In addition to these designated observers, candidates may also observe. Names of all designated observers, including any candidates who intend to observe, shall be presented to the City Clerk no less than three calendar days prior to the election. (LAAC Sections 23.102.5 and 23.103.5)

### **CONFIDENTIALITY OF BOARD MEMBER ELECTIONS**

- 6.7 Election materials provided to voters for any Board member election shall state that the elections are confidential, i.e., that identification envelopes will be secured and kept confidential.

### **REGULAR ELECTION RESULTS**

- 6.8 The candidate who receives a majority (at least 50% plus one) of all votes cast shall be elected to the position of employee member or retired member for the applicable department based on the certified results provided by the City Clerk. (LAAC Sections 23.102.9 and 23.103.9)

### **SPECIAL ELECTION RESULTS**

- 6.9 If any candidate in a special election receives a plurality of all votes cast, the candidate shall be declared by the Board to be elected to the position for the unexpired term. (LAAC Sections 23.102.10 and 23.103.10)



## **Elected Employee and Elected Retired Board Member Elections**

### **CERTIFIED RESULTS AND BOARD DECLARATION**

- 6.10 The City Clerk shall, within 14 calendar days after the date of the election, furnish to the Board the official certified results of the election. The Board shall declare the results of every election based on the City Clerk's official certified results of the election. (LAAC Sections 23.102.11; 23.102.12; 23.103.11; and 23.103.12)

### **RECALL PROCEDURE**

- 6.11 Initiating a recall election requires signatures from 20% of the employee members or retired members of the department from which the employee was employed depending on which Board Member is being recalled. There shall be a concurrent recall and successor election process. The successor must win by a plurality of all votes cast. (LAAC Sections 23.102.13 and 23.103.13)

### **PROTESTS**

- 6.12 Any interested person may challenge any proceeding, act or omission which may be material to the election, by written notice to the City Clerk not later than three business days after the count of the ballots (the unofficial results) are completed. The City Clerk will review the protests and submit a report of findings and recommendations to the Board with the official certified election results within 14 calendar days after the election. (LAAC Sections 23.102.15 and 23.103.15)

### **HISTORY**

- 6.13 Adopted: Circa 1972; Revised 04/19/00, 12/12/04. The policy was amended in its entirety 11/02/17.

### **REVIEW**

- 6.14 This policy shall be reviewed by the Board as needed and may be amended by the Board at any time.

## Los Angeles Fire & Police Pension System

### 7.0 - AUTHORIZATION OF SPECIAL ACTUARIAL STUDIES

#### PURPOSE

- 7.1 The purpose of this policy is to establish guidelines within which the Board may:
- A. Fund an actuarial study for potential plan amendments using plan assets; or,
  - B. Request the Plan's actuary to conduct an actuarial study on behalf of the Plan Sponsor, at the Plan Sponsor's expense; or,
  - C. Request the Plan's actuary to prepare an illustration of contributions, funded ratio and Unfunded Actuarial Accrued Liability (UAAL) each year after the adoption of the annual valuation, using the actuarial return assumptions as directed by the General Manager. (Amended 10/03/13, 08/06/15)

#### SCOPE OF AUTHORITY

- 7.2 The Board has determined that this policy shall be limited to (1) authorizing actuarial studies to evaluate possible inequities existing in the current retirement and health benefit structure, and (2) considering written requests by the Plan Sponsor for actuarial studies to be conducted by the Plan's actuary at the Plan Sponsor's expense, and (3) authorizing the General Manager to have the Plan's actuary prepare an illustration of contributions, funded ratio and Unfunded Actuarial Accrued Liability (UAAL) each year after the adoption of the annual valuation. The Board does not have authority to establish new benefits. (Amended 10/03/13, 08/06/15)

#### DEFINITION OF INEQUITY

- 7.3 An inequity is an instance of injustice or unfairness to a group of members or beneficiaries. An inequity may also be any situation that was not considered when the original benefit was created or when the Board is of the opinion that, based on current facts, the eligibility criteria is unreasonable.

#### SUBMISSION OF AN INEQUITY

- 7.4 A Board member, active or retired plan member or staff may submit an inequity issue, in writing, to the Board for consideration. The written request shall contain the following:
- A. The specific benefit that contains the inequity.
  - B. An explanation of the inequity situation and the extent to which members or beneficiaries are affected.
  - C. Suggested recommendation(s) to resolve the inequity.
  - D. The name of the individual that can be contacted if additional information is required.

## REFERRAL TO BOARD

- 7.5 Upon receiving a request to consider an inequity issue, the President of the Board shall refer the item to the General Manager for research and recommendation. The General Manager shall:
- A. Determine if the request involves a current benefit.
  - B. Determine if an inequity, as defined in 7.3, exists.
  - C. Recommend a solution to resolve the inequity.
  - D. Determine, based on the facts presented, whether the expenditure of Plan assets for an actuarial study to establish the cost to resolve the inequity is a reasonable administrative expense.
  - E. Submit his/her findings and recommendations to the Board for consideration.  
(Amended 11/03/16)

## BOARD CONSIDERATION

- 7.6 The Board shall consider the following:
- A. In considering inequity issues, the Board shall consider the General Manager's findings and recommendations.
  - B. The Board shall consider any written requests that may be received from time to time from the Plan Sponsor for actuarial studies to be conducted by the Plan actuary on behalf of the Plan Sponsor  
(Amended 11/03/16).

## ACTUARIAL STUDY

- 7.7 The Board shall have final authority to authorize an actuarial study. In the case of an actuarial study undertaken in connection with consideration of an inequity issue, the Plan's actuary shall be directed to establish the cost to resolve the inequity based on the recommended solution. The Board shall not authorize an actuarial study on behalf of the Plan Sponsor unless the Plan Sponsor has committed in writing to pay for the study, or unless the authorization is conditioned on receiving such a written commitment prior to commencement of work on the study.
- 7.7.1 The General Manager shall request that the actuary prepare an illustration of contributions, funded ratio and Unfunded Actuarial Accrued Liability (UAAL) each year after the adoption of the annual valuation, using the actuarial assumptions adopted for the annual valuation and the actuarial return assumptions as directed by the General Manager. If the Plan Sponsor requests additional scenarios, said illustrations shall be at the Plan Sponsor's expense. (Amended 10/03/13, 08/06/15)

## FINAL BOARD ACTION WITH REGARD TO AN INEQUITY ISSUE

- 7.8 Final Board Action – After receiving an actuarial study with regard to an inequity issue, the Board shall determine if further action is appropriate based on the results of the actuarial study. The Board's action is limited to recommending to the City Council that the inequity requires correction. The actuarial study will provide the cost of that correction to support the request.

**PAYMENT TO ACTUARY FOR STUDIES REQUESTED BY THE PLAN SPONSOR**

- 7.9 Payment to the actuary for any study on behalf of the Plan Sponsor shall be made after the Plan receives payment therefore from the Plan Sponsor.

**HISTORY**

- 7.10 Adopted: August 21, 2003; Revised: 04/19/12, 10/03/13, 08/06/15 and 11/03/16.

**REVIEW**

- 7.11 This policy shall be reviewed by the Board as needed and may be amended by the Board at any time.

## Los Angeles Fire & Police Pension System

### 8.0 - HEALTH AND DENTAL SUBSIDIES AND REIMBURSEMENTS

#### HEALTH INSURANCE PREMIUM REIMBURSEMENT PROGRAM

8.1 A. All Health Insurance Premium Reimbursement (HIPR) applications shall be filed in writing on forms prescribed by the Department of Fire and Police Pensions (Department). Applicants shall be responsible for furnishing all required documents needed to process and verify HIPR eligibility. Participants in the HIPR program shall be responsible for notifying the Department of any change in status that affects program eligibility.

B. To receive reimbursement the pensioner must submit verification of their enrollment in a health plan. For United States residents, enrollment must be in a state regulated health plan. Department staff will determine and certify whether or not a health plan is state regulated. (Revised 12/19/13)

For residents who live outside the United States, the requirement of enrollment in a state regulated health plan will not apply. Exchange rates for reimbursement will be based on those published by the Federal Reserve Bank of St. Louis website (<http://research.stlouisfed.org/fred2>) effective the date premiums were paid to the health plan.

C. Subject to the maximums established in the Administrative Code and Charter, health insurance reimbursements are available for any dollar amount paid toward health insurance coverage, including a balance between the total premium and an amount paid by another non-City employer/agency.

D. Medicare-eligible members enrolled in Parts A and B with covered dependents (spouse or domestic partner and/or children under the age of 26) shall be eligible to receive up to the maximum non-Medicare subsidy established per the Administrative Code and Charter. Medicare-eligible dependents are required to enroll in Medicare to the fullest extent of their eligibility. Proof of enrollment shall be submitted prior to reimbursement of claims for health insurance premiums. (Amended 02/16/17)

E. Health insurance reimbursements shall be payable for dual coverage/premiums paid by a participant in more than one health insurance plan for the same time period. The amounts shall not exceed the maximums established per the Administrative Code and Charter.

F. Health insurance reimbursements are paid for health insurance and Medicare prescription drug coverage only and may not be applied to coverage in other plans, including but not limited to dental, long-term care and vision coverage.

G. Health insurance reimbursements shall be processed and paid on a quarterly basis. Claim forms and documentation will be accepted for one year following

## Health and Dental Subsidies and Reimbursements

claim submission period.

- H. Submittal of false or fraudulent documents and/or information, including the failure to inform the Department when purchased and reimbursed coverage is canceled and the pensioner later receives a refund by the insurance agency, shall be the basis for denial of an application. The penalty is suspension from the HIPR program for three years and recovery of amount paid falsely, plus interest in accordance with Board Operating Policy Section 3.10. (Revised 12/19/13)
- I. Any pensioner who receives a rebate of any portion of his/her health plan premium for which he/she has received reimbursement from LAFPP under the HIPR program shall report the rebate to LAFPP and provide supporting written documentation. Written documentation of such a rebate must be submitted no later than by the HIPR filing deadline for the quarter beginning after the date when the pensioner received the refund (i.e. for the next quarter).
- J. LAFPP will calculate the portion of any health insurance premium rebate that is due to be refunded to LAFPP. LAFPP will first apply any such rebate to the portion of the HIPR-eligible medical plan premium the pensioner paid but which was not reimbursed by LAFPP for the period covered by the rebate. The remainder of the rebate shall be the amount due to LAFPP.

The pensioner must make reimbursement by no later than the end of the month beginning after the disclosure deadline in Section 8.1(I) of these rules.

- K. Should LAFPP become aware of a rebate made to a pensioner for health plan premiums reimbursed under the HIPR program, and should the pensioner refuse to reimburse LAFPP for its portion of the rebate as calculated in 8.1(J), the portion of the rebate due to LAFPP shall be included in the pensioner's taxable income as reported to the IRS and the pensioner's state tax agency (if applicable), except where such portion is not taxable income under applicable law.

Furthermore, a pensioner who refuses to reimburse LAFPP for its portion of such a rebate shall be suspended from the HIPR program for three years.

- L. Effective April 1, 2014, all pensioners in the HIPR program shall attest the following on each claim form submitted:
  - The pensioner will inform LAFPP if he/she receives a rebate of any portion of his/her health plan premium for which LAFPP has reimbursed the pensioner under the HIPR program and provide supporting written documentation for such a rebate. Written documentation of such a rebate must be submitted no later than by the HIPR filing deadline for the quarter beginning after the date when the pensioner received the refund (i.e. for the next quarter).
  - The pensioner agrees to reimburse LAFPP in the amount of the rebate received less any portion the pensioner paid for his/her HIPR-eligible health plan coverage that was not reimbursed by LAFPP. The pensioner

## Health and Dental Subsidies and Reimbursements

must make reimbursement by no later than the end of the month beginning after the disclosure deadline above.

- The pensioner agrees to repay LAFPP its portion of any medical plan premium rebate in a single payment through personal check, withholding from future HIPR payments, or deduction from the pensioner's pension check.

If the pensioner receives his or her health insurance through a group plan, any rebate of health insurance premiums retained by the group and not passed on to the pensioner will not be construed by LAFPP as having been received by the pensioner. It is the obligation of the group plan to pass on any premium refund to the pensioner. Once the rebate is received by the pensioner, the pensioner must then inform LAFPP of the rebate and pass on to LAFPP its portion of the refund as calculated in 8.1(J) of these rules.

### MEDICARE ENROLLMENT AND HEALTH SUBSIDY ELIGIBILITY

- 8.2
- A. All LAFPP retired members and their qualified surviving spouses/domestic partners who qualify for premium-free Medicare Part A shall enroll in Medicare Part A to remain eligible for a health plan subsidy. This requirement shall not apply to those who reside permanently outside of the United States.
  - B. All LAFPP retired members and their qualified surviving spouses/domestic partners who are eligible for Medicare Part B coverage shall enroll in Medicare Part B to remain eligible for a health plan subsidy. All LAFPP health plan participants eligible for Medicare Part B are responsible for paying their Medicare Part B premiums directly to Medicare. LAFPP will not make Medicare Part B premium payments directly to Medicare on behalf of any individual. This requirement to enroll in Medicare Part B shall not apply to those who reside permanently outside of the United States.
  - C. Medicare benefits are not available to those who reside permanently outside of the United States. Therefore, LAFPP retired members and their qualified surviving spouses/domestic partners who reside permanently outside of the United States shall not be required to enroll in Medicare. However, a retired member or qualified surviving spouse/domestic partner who re-establishes residency in the United States shall be required to enroll in Medicare as stated in 8.2(A) and 8.2(B) to remain eligible for a health subsidy.
  - D. LAFPP will limit the health subsidy paid on behalf of a retired member or qualified surviving spouse/domestic partner enrolled in Medicare Parts A and B to no more than the amount it would pay on behalf of a retired member or qualified surviving spouse/domestic partner enrolled in Medicare Parts A, B, and D and whose Medicare benefits are included in their Board-approved health plan.
  - E. LAFPP will limit the health subsidy paid on behalf of a retired member or qualified surviving spouse/domestic partner enrolled in Medicare Part B but not Medicare Part A to no more than the amount it would pay on behalf of a retired member or qualified surviving spouse/domestic partner enrolled in

## Health and Dental Subsidies and Reimbursements

Medicare Parts B and D and whose Medicare benefits are included in their Board-approved health plan.

- F. LAFPP will limit the subsidy paid on behalf of the retired member's covered dependent to no more than the amount it would pay on behalf of a dependent enrolled in Medicare Parts A, B, and D whose Medicare benefits are included in the dependent's health plan if the dependent is either:
- enrolled in Medicare Part A, OR
  - eligible for premium-free Medicare Part A.
- G. LAFPP will limit the subsidy paid on behalf of the retired member's covered dependent to no more than the amount it would pay on behalf of a dependent enrolled in Medicare Parts B and D whose Medicare benefits are included in the dependent's health plan if the dependent is either:
- enrolled in Medicare Part B, but not Part A, OR
  - is eligible for Medicare Part B coverage, but not eligible for premium-free Medicare Part A.
- H. Notwithstanding Section 8.2(F) and 8.2(G) above, the subsidy LAFPP pays on behalf of a retired member's covered dependent who is age 65 or older and enrolled as a non-Medicare dependent on the retired member's health plan as of October 1, 2015, shall be paid as though said dependent does not qualify for Medicare coverage until such time as the dependent actually enrolls in Medicare. Qualified surviving spouses/domestic partners shall be required to enroll in Medicare as stated in 8.2(A) and 8.2(B) to remain eligible for a health subsidy. (Amended 10/15/15)

### MEDICARE PART B REIMBURSEMENT PROGRAM

- 8.3 A. Unless disqualified pursuant to 8.3(C) or 8.3(D) of these rules, a retired member or qualified surviving spouse/domestic partner who is eligible for a health subsidy under the provisions of Division 4, Chapter 11.5 of the Administrative Code may receive reimbursement of his or her basic Medicare Part B premium upon providing proof of enrollment in Medicare Parts A and B.
- B. Acceptable proof of enrollment in Medicare Parts A and B is any of the following:
- a copy of the enrolled retired member's or qualified surviving spouse's/domestic partner's Medicare card, or
  - an entitlement letter from Social Security or Medicare showing the retired member's or qualified surviving spouse's/domestic partner's entitlement to Medicare Parts A and B, or
  - a statement from the United States Social Security Administration reflecting the member's or qualified surviving spouse's/domestic partner's enrollment in Medicare Parts A and B.
- C. A retired member or qualified surviving spouse/domestic partner who is enrolled in Medicare Parts A and B and is enrolled in a Board-approved health plan, but who does not assign his/her Medicare benefits to his/her



## Health and Dental Subsidies and Reimbursements

Board-approved health plan, or does not allow the inclusion of his/her Medicare benefits with his/her Board-approved health plan, shall not be eligible to receive a Medicare Part B premium reimbursement.

- D. A retired member or qualified surviving spouse/domestic partner shall not be eligible for Medicare Part B premium reimbursement from LAFPP for any period during which he/she receives Medicare Part B premium reimbursement from another source.
- E. LAFPP will not reimburse any Medicare Part B premiums assessed due to Income-Related Monthly Adjustment Amounts (IRMAAs) or due to Late Enrollment Penalties (LEPs).
- F. Effective April 1, 2014, those LAFPP retired members and qualified surviving spouses/domestic partners who are eligible for and wish to receive a Medicare Part B premium reimbursement, but who are not enrolled in a Board-approved health plan, must file quarterly claims for Medicare Part B premium reimbursement through the HIPR program. Proof of Medicare Part B premium payment must be provided for each period for which the retired member or qualified surviving spouse/domestic partner requests reimbursement.
- G. Claim forms and documentation will be accepted for up to one year following the HIPR claim submission period for eligible pensioners who file for Medicare Part B premium reimbursement through the HIPR program.  
(Amended 10/05/17)

### HISTORY

- 8.4 Adopted: 12/19/02; Revised: 06/04/09, 03/04/10; Amended 12/19/13 and added Section 8.1 H-K, 8.2, and 8.3; Amended 10/15/15, and 02/16/17; Removed Section 8.3 G, and Amended Section 8.3 G-H 10/05/17.

### REVIEW

- 8.5 This policy shall be reviewed by the Board as needed and may be amended by the Board at any time.

## **Los Angeles Fire & Police Pension System**

### **9.0 - IPAD USAGE POLICY**

#### **PURPOSE**

- 9.1 In 2011, the Board of Fire and Police Pension Commissioners (Board) authorized the electronic distribution of Board meeting documents to Commissioners to mitigate administrative costs and improve access to information by the Board members.
- 9.2 To this end, LAFPP has selected the use of iPads and a web-based system (currently SharePoint) as an electronic solution by which Board meeting records will be distributed, accessed, stored, and secured. Staff has tested this solution in conjunction with the current administrative processes pertinent to the Board; developed a systems support plan; and determined the high scalability of the iPad solution to account for future potential developments requested by the General Manager, the Board and staff.

#### **POLICY**

- 9.3 It is the policy of the Los Angeles Fire and Police Pension System (LAFPP) to ensure that all electronic documents accessed by iPad devices and distributed through SharePoint, the department's web-based, collaborative platform, are stored, maintained, and disposed of in a manner that prevents the disclosure of confidential information.
- 9.4 The user is responsible and obligated to agree to the following guidelines when using iPads to access materials owned by LAFPP or when otherwise using iPads to conduct City and LAFPP-related businesses:

#### **DEPARTMENT ISSUED IPAD - USAGE GUIDELINES**

- 9.5 Use of LAFPP Issued iPads
- A. An iPad distributed by LAFPP is the sole property of LAFPP. Therefore, documents, files, and media on the iPad are also the sole property of LAFPP. Users shall have no expectation of privacy, with regard to any applications, data, email, photos, or any other records stored on the iPad.
  - B. LAFPP reserves the right to use tracking software to locate the iPad as necessary.
  - C. In the event the iPad is lost or stolen, LAFPP also reserves the right to delete all data on the iPad remotely and reset the iPad to its original factory standard in order to preserve the integrity of LAFPP electronic records.
  - D. LAFPP is not responsible for iPad compatibility with other non-LAFPP products (computers, printers, Bluetooth devices, software, etc.).

- 9.6 In addition, the user of a LAFPP issued iPad must agree to the following guidelines:
- A. Use the iPad and all installed applications for business purposes in the interests of LAFPP and in accordance with City ethics laws.
  - B. Occasional non-business use of iPad is acceptable only if the level of use is minimal and does not interfere with professional LAFPP business responsibilities or diminish productivity. (Added 09/06/18)
  - C. Use the iPad and all applications installed on the iPad accordingly, reasonably, and ethically (Added 09/06/18)
  - D. Take all appropriate and reasonable measures to physically and electronically secure the iPad and third-party applications with password protection.
  - E. Treat all LAFPP electronic records as confidential records.
  - F. Handle the iPad with consideration and care as iPads are expensive devices.
  - G. Report lost, stolen, or damaged iPads and accessories to the LAFPP Systems Section at (213) 279-3060 within 24 hours of the occurrence. (Replacement of lost iPad or repair of damaged iPad and accessories is the responsibility of the commissioner to whom it was assigned. Lost, damaged, and stolen devices and accessories will be replaced by LAFPP in the first instance.) Revised 09/06/18)
  - H. Maintain all applications and software that are owned or installed by LAFPP.
  - I. Relinquish the iPad within two (2) business days of termination of service with LAFPP at 701 East 3rd Street Suite 200, Los Angeles, CA 90013 during normal business hours of Monday through Friday (7:30 am – 4:30 pm), excluding holidays.

#### **PERSONAL IPAD – USAGE GUIDELINES**

- 9.7 iPads personally owned by the user are the sole responsibility of the user. However, the user may request instructions to download the required third-party applications to access LAFPP materials.
- 9.8 LAFPP is not responsible and will not support the malfunction of the iPad. LAFPP is only responsible for the applications or software that is required to access the materials produced by LAFPP.
- 9.9 In addition, users of the personally owned iPads must agree to the following guidelines when using iPads to access records owned by LAFPP:
- A. Take all appropriate and reasonable measures to physically and electronically secure the iPad and third-party applications with password protection.
  - B. Treat all LAFPP electronic records as confidential records.
  - C. Install all third-party applications that are required to access LAFPP materials.
  - D. Maintain all applications and software owned by LAFPP.
  - E. Delete all documents, files, and media owned by LAFPP entirely from the iPad within two (2) business days of termination of service with LAFPP. Deletion to be verified by Systems staff.

#### **TECHNICAL SUPPORT**

- 9.10 If support or assistance is needed for the iPad or required applications, LAFPP systems staff is available in person or by phone during normal business hours of

Monday through Friday (7:30 am – 4:30 pm), excluding holidays. The contact information is:

Systems Section  
701 East 3<sup>rd</sup> Street, Suite 200  
Los Angeles, CA 90013  
(213) 279-279-3060  
[webmaster@lafpp.com](mailto:webmaster@lafpp.com)

**HISTORY**

9.11 Adopted: 01/05/12. Revised 11/03/16, 09/06/18, 08/06/20.

**REVIEW**

9.12 The policy shall be reviewed by the Board as needed and may be amended by the Board at any time.

## **Los Angeles Fire & Police Pension System**

### **10.0 – ACTUARIAL FUNDING POLICY**

This Actuarial Funding Policy supersedes any previous Actuarial Funding Policies. It is a working document and may be modified as the Board deems necessary.

#### **FUNDING POLICY GOALS**

- 10.1 To achieve long-term full funding of the cost of benefits provided by the Los Angeles Fire and Police Pension System (LAFPP);
- 10.2 To seek reasonable and equitable allocation of the cost of benefits over time;
- 10.3 To minimize volatility of the plan sponsors' contribution to the extent reasonably possible, while consistent with other policy goals; and,
- 10.4 To support the general public policy goals of accountability and transparency by being clear as to both intent and effect, allowing for an assessment of how and when the plan sponsors will meet the funding requirements of the plan.

#### **FUNDING REQUIREMENT**

- 10.5 LAFPP's annual funding requirement is comprised of a payment of the cost attributed to the current year of service (Normal Cost) and a payment on the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost and the amount of the payment on UAAL are determined by the following three components of this funding policy:
  - A) Actuarial Cost Method: The techniques to allocate the total present value of future benefits to each year (Normal Cost), including all past years (Actuarial Accrued Liability).
  - B) Asset Smoothing Method: The techniques that spread the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process.
  - C) Amortization Policy: The decisions on how, in terms of duration and pattern, to reduce the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets in a systematic manner.

#### **ACTUARIAL COST METHOD**

- 10.6 The actuarial cost method is the Entry Age method, with the Normal Cost determined as a level percentage of payroll for each individual employee.
  - A) For funding purposes for both the Pension and the Health Plans, and for financial reporting purposes for the Health Plan, Normal Cost continues to accrue while members are in the DROP. Accordingly, salaries for members currently or anticipated in the future to elect the DROP are included in determining the Normal Cost.

(Amended 09/20/18)

- B) For financial reporting purposes for the Pension Plan, Normal Cost accrues only until members enter the DROP. Accordingly, salaries for members currently or anticipated in the future to elect the DROP are excluded in determining the Normal Cost.

(Amended 09/20/18)

## ASSET SMOOTHING METHOD

- 10.7 A) For investment gains/losses prior to July 1, 2008:

The investment gains or losses of each valuation period, as a result of comparing the Market Value of assets at the end of the period with what the Market Value would have been if the assumed rate of return on assets was realized during the period, shall be recognized in a level amount over five (5) years in calculating the Actuarial Value of Assets; and

- B) For investment gains/losses after June 30, 2008:

The investment gains or losses of each valuation period, as a result of comparing the Market Value of assets at the end of the period with what the Market Value would have been if the assumed rate of return on assets was realized during the period, shall be recognized in a level amount over seven (7) years in calculating the Actuarial Value of Assets; and

- 10.8 The Actuarial Value of Assets as determined above shall be limited to within a corridor of 60%-140% of the Market Value of Assets.

- 10.8.1 This policy anticipates that future circumstances may warrant adjustments to change the pattern of the recognition of the net deferred investment gains or losses after a period of significant market change followed by a period of market correction. Such adjustments would be considered by the Board upon receiving an appropriate analysis from LAFPP's actuary. Such adjustments would be appropriate for consideration when the net deferred investment gains or losses are relatively small (i.e., the actuarial and market values are very close together), but the recognition of that net deferred amount is markedly non-level. Any such adjustment would be made subject to the following conditions:

- A) The net deferred investment gains or losses are unchanged as of the date of the adjustment; and,

- B) The period over which the net deferred investment gains and losses are fully recognized is unchanged as of the date of the adjustment. (Section added 10/02/14)

## AMORTIZATION POLICY

- 10.9 The Unfunded Actuarial Accrued Liability (UAAL), the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets, shall be amortized over various periods of time, depending on how the unfunded liability arose.

10.10 For UAAL identified before the June 30, 2012 actuarial valuation:

A) The original UAAL bases for the Pension Plan:

Tier 1 (including all UAAL identified in subsequent valuations through June 30, 2011): 70 years in 1967 with 26 years remaining in the June 30, 2011 valuation, and;

Tier 2 (including all UAAL identified in subsequent valuations through June 30, 2008): 70 years in 1967 with 26 years remaining in the June 30, 2011 valuation, and;

Tier 5: 30 years in 2002 with 21 years remaining in the June 30, 2011 valuation.

B) The original UAAL bases for the Health Plan (including all UAAL identified in subsequent valuations through June 30, 2011 for the Health Plan):

All Tiers (except for Harbor Department): 30 years in 2006 with 25 years remaining in the June 30, 2011 valuation; and;

Tier 5 (Harbor Department): 29 years in 2007 with 25 years remaining in the June 30, 2011 valuation.

C) Actuarial gains or losses (for the Pension Plan) shall be amortized over 15 years;

D) Changes in actuarial assumptions and cost methods (for the Pension Plan) shall be amortized over 30 years;

E) Plan amendments, other than Early Retirement Incentives, (for the Pension Plan) shall be amortized over 30 years;

F) Early Retirement Incentives (for the Pension Plan) shall be amortized over 30 years;

G) Actuarial funding surplus (an excess of Actuarial Value of Assets over Actuarial Accrued Liability) (for the Pension Plan) shall be amortized over 15 years.

10.11 For UAAL identified beginning from the June 30, 2012 actuarial valuation:

A) The original UAAL bases for the Pension Plan:

Tier 1 (including all UAAL identified in subsequent valuations through June 30, 2011): 70 years in 1967 with 25 years remaining in the June 30, 2012 valuation, and;

Tier 2 (including all UAAL identified in subsequent valuations through June 30, 2008): 70 years in 1967 with 25 years remaining in the June 30, 2012 valuation, and;

Tier 5: 30 years in 2002 with 20 years remaining in the June 30, 2012 valuation.

B) The original UAAL bases for the Health Plan (including all UAAL identified in subsequent valuations through June 30, 2011 for the Health Plan):

All Tiers (except for Harbor Department): 30 years in 2006 with 24 years remaining in the June 30, 2012 valuation, and;

Tier 5 (Harbor Department): 29 years in 2007 with 24 years remaining in the June 30, 2012 valuation.

- C) Actuarial gains or losses shall be amortized over 20 years;
  - D) Beginning from the June 30, 2012 valuation, changes in actuarial assumptions and cost methods shall be amortized over 25 years. Beginning from the June 30, 2017 valuation, changes in actuarial assumptions and cost methods shall be amortized over 20 years; (Amended 03/16/17)
  - E) Plan amendments, other than Early Retirement Incentives, shall be amortized over 15 years;
  - F) Early Retirement Incentives shall be amortized over 5 years;
  - G) Actuarial funding surplus (an excess of Actuarial Value of Assets over Actuarial Accrued Liability) shall be amortized over 30 years.
- 10.12 For all Tiers except for Tier 1, UAAL shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumptions for general payroll increase (Tier 1 UAAL shall be amortized as a level dollar amount).
- 10.13 Before the June 30, 2022 valuation, the UAAL amortization payment rate shall be calculated for Tiers 2, 3 and 4 by dividing the amount required to amortize the UAAL for each of these Tiers by the total City sworn covered payroll (excluding the Harbor Department and Airport Department sworn covered payroll). (Amended 09/20/18 and 05/19/22)
- 10.14 Before the June 30, 2022 valuation, the UAAL amortization payment rate shall be calculated for Tiers 5 and 6 by dividing the amount required to amortize the UAAL for each of these Tiers by the total City sworn covered payroll for these Tiers (excluding the Harbor Department and Airport Department sworn covered payroll). (Amended 09/20/18 and 05/19/22)
- 10.15 Beginning with the June 30, 2022 valuation:
- A) For the Pension Plan, the Tier 1 UAAL base carried over from the June 30, 2021 valuation shall be amortized over 8 years starting with the June 30, 2022 valuation, and;
  - B) For the Health Plan, all Tier 1 UAAL bases carried over from the June 30, 2021 valuation shall be combined into a single base and amortized over 14 years starting with the June 30, 2022 valuation, and;
  - C) For both the Pension and Health Plans, with the exception of the Tier 1 UAAL bases described in (A) and (B), all other UAAL for members of the City shall no longer be identified and amortized separately by Tier, and;
  - D) For both the Pension and Health Plans, the UAAL amortization payment rate required



to amortize the UAAL for members of the City for the UAAL bases described in (A), (B), and (C) shall be calculated by taking the total of all the annual amounts required to amortize the UAAL and dividing by the total City sworn covered payroll (excluding the Harbor Department and Airport Department sworn covered payroll), and the UAAL amortization payment for each City Tier shall be determined in proportion to the covered payroll for that Tier. (Amended 05/19/22)

- 10.16 The UAAL amortization payment rate shall be calculated for Harbor Department Members of Tiers 5 & 6 by dividing the amount required to amortize the UAAL for each of these Tiers by the total Harbor sworn covered payroll for these Tiers (excluding the City and Airport Department sworn covered payroll). (Amended 09/20/18)
- 10.16.1 The UAAL amortization payment rate shall be calculated for Airport Department Members of Tier 6 by dividing the amount required to amortize the UAAL for Tier 6 by the total Airport sworn covered payroll for Tier 6 (excluding the City and Harbor Department sworn covered payroll). (Added 09/20/18)
- 10.17 UAAL shall be amortized over multiple fixed layers for pension benefits.
- 10.18 UAAL shall be amortized over multiple fixed layers for health benefits, with any annual changes in assumptions and plan elements (such as medical trend rate and annual premium rates) considered similar to actuarial gains/losses and amortized accordingly.
- 10.19 Layers generated by various sources of UAAL shall be combined and/or restarted when:
  - A) The net result of amortization of all layers combined is an amortization credit which would offset the Normal Cost; or
  - B) Other conditions arise such that the Board, upon the advice of its consulting actuary considers that is appropriate to do so.

## **HISTORY**

Adopted: 09/06/12; Amended 10/02/14, 03/16/17, 09/20/18 and 05/19/22. (Listed after amended section.)